



**N1 Technologies, Inc.  
(Belize)**

**Financial Statements**

As of June 30, 2016

And for the Period from

April 1, 2016 to June 30, 2016



Statement of Financial Position	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Changes in Shareholders' Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5



**N1 Technologies, Inc.**

Statement of Financial Position  
June 30, 2016

			<b>Period ended Unaudited June, 30</b>	<b>Period ended Unaudited March, 31</b>
	<b>Assets</b>	<b>Note</b>	<b>2016</b>	<b>2016</b>
<i>Noncurrent assets</i>				
	Intangible assets	<b>6</b>	\$ 5,895,328	\$ 5,993,624
	Investment	<b>8</b>	1,835,299	1,835,299
	Property and equipment	<b>2</b>	5,824	6,391
	<b>Total noncurrent assets</b>		<b>\$ 7,736,451</b>	<b>\$ 7,835,314</b>
<i>Current assets</i>				
	Cash and cash equivalents	<b>2</b>	7,660	12,201
	Receivables	<b>7</b>	120,044	122,829
	<b>Total current assets</b>		<b>\$ 127,704</b>	<b>\$ 135,030</b>
	<b>Total assets</b>		<b>\$ 7,864,155</b>	<b>\$ 7,970,344</b>
<b>Shareholders' Equity &amp; Liabilities</b>				
<i>Shareholders' equity</i>				
	Share capital	<b>9</b>	\$ 8,847,990	\$ 8,847,990
	Share premium	<b>9</b>	-	-
	Accumulated deficit	<b>9</b>	(1,095,296)	(956,227)
	<b>Total shareholders' equity</b>		<b>\$ 7,752,694</b>	<b>\$ 7,891,763</b>
<i>Current liabilities</i>				
	Loans Payable		\$ 111,461	\$ 78,581
	<b>Total current liabilities</b>		<b>\$ 111,461</b>	<b>\$ 78,581</b>
	<b>Total liabilities</b>		<b>\$ 111,461</b>	<b>\$ 78,581</b>
	<b>Total shareholders' equity and liabilities</b>		<b>\$ 7,864,155</b>	<b>\$ 7,970,344</b>

The accompanying notes are in integral part of the financial statements.



**N1 Technologies, Inc.**

Statement of Profit or Loss and Other Comprehensive Income  
April 1, 2016 to June 30, 2016

		<b>3 months ended Unaudited June, 30</b>	<b>3 months ended Unaudited March, 31</b>
	<b>Note</b>	<b>2016</b>	<b>2016</b>
<b>Revenue</b>			
Gain on sale of patents	<b>10</b>	\$ 89,159	\$ 29,705
Product sales	<b>10</b>	-	1,362
Other income		7,500	-
<b>Total revenue</b>		<b>\$ 96,659</b>	<b>\$ 31,067</b>
<b>Cost of goods sold</b>	<b>2</b>	<b>\$ -</b>	<b>\$ 302</b>
<b>Gross profit (loss)</b>		<b>\$ 96,659</b>	<b>\$ 30,765</b>
<b>Operating expenses:</b>			
Selling and distribution costs	<b>11</b>	\$ (60,700)	\$ (23,500)
Administrative expenses	<b>11</b>	(176,242)	(168,992)
<b>Total operating expenses</b>		<b>\$ (236,942)</b>	<b>\$ (192,492)</b>
<b>Operating loss</b>		<b>\$ (140,283)</b>	<b>\$ (161,727)</b>
Interest income	<b>2</b>	\$ 1,214	\$ 1,244
<b>Loss before income taxes</b>		<b>\$ (139,069)</b>	<b>\$ (160,483)</b>
Income taxes	<b>2</b>	\$ -	\$ -
<b>Net and comprehensive loss</b>		<b>\$ (139,069)</b>	<b>\$ (160,483)</b>

The accompanying notes are in integral part of the financial statements.

**N1 Technologies, Inc.**Statement of Changes in Equity  
June 30, 2016

	Number of Shares	Share Capital	Share Premium	Accumulated Deficit	Total
Balance at April 1, 2016	250,000,000	\$ 8,847,990		\$ (956,227)	\$ 7,891,763
Net loss for the quarter ended June 30, 2016		-	-	(139,069)	(139,069)
Balance at June 30, 2016	250,000,000	\$ 8,847,990	\$ -	\$ (1,095,296)	\$ 7,752,694

  

	Number of Shares	Share Capital	Share Premium	Accumulated Deficit	Total
Balance at January 1, 2016	250,000,000	\$ 8,847,990		\$ (795,744)	\$ 8,052,246
Net loss for the quarter ended March 31, 2016		-	-	(160,483)	(160,483)
Balance at March 31, 2016	250,000,000	\$ 8,847,990	\$ -	\$ (956,227)	\$ 7,891,763

The accompanying notes are in integral part of the financial statements.



# N1 Technologies, Inc.

## Statement of Cash Flows April 1, 2016 to June 30, 2016

	3 months ended Unaudited June 30,	3 months ended Unaudited March 31,
	2016	2016
<b>Cash flow from operating activities:</b>		
Net loss	\$ (139,069)	\$ (160,483)
Adjustments to reconcile net loss to cash flow used in operating activities:		
Gain on sale of patents	(89,159)	(29,705)
Amortization of intangible assets	97,455	97,461
Depreciation of property and equipment	567	567
Increase (decrease) in accounts payable	-	-
<b>Net used in operating activities</b>	<b>\$ (130,206)</b>	<b>\$ (92,160)</b>
<b>Cash flow from investing activities:</b>		
Purchase of property and equipment	\$ -	\$ -
Capitalized patent costs	-	-
<b>Net cash used for investing activities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash flow from financing activities:</b>		
Change in receivables	\$ 2,785	\$ (1,243)
Proceeds from issuance of common stock	-	-
Proceeds from loans payable	32,880	53,625
Proceeds on sale of patent	90,000	30,000
<b>Cash flow from financing activities:</b>	<b>\$ 125,665</b>	<b>\$ 82,382</b>
Net change in cash and cash equivalents	\$ (4,541)	\$ (9,778)
Cash and cash equivalents at beginning of the period	12,201	21,979
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 7,660</b>	<b>\$ 12,201</b>
<b>Interest paid</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Taxes paid</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non cash investing and financing activities - debit (credit)</b>		
<i>Patents contributed by shareholder</i>		
Intangible assets	\$ -	\$ -
Accounts receivable	\$ -	\$ -
<i>Share swap for loan payable</i>		
Loan payable (included in net receivables)	\$ -	\$ -
Share Capital	\$ -	\$ -

The accompanying notes are in integral part of the financial statements.



## **1. Organization and Nature of Operations**

**Background and Formation of the Company** – On January 29, 2015, N1 Technologies, Inc. (“N1 Belize”) became the successor company to Avatar Solutions Inc. (“Avatar”) as a result of the following series of transactions. Avatar was originally incorporated as an International Business Company on May 25, 2011 in Belize City, Belize. Effective March 28, 2013, Avatar received approval to change its name to Kilimanjaro Capital Ltd., which subsequently received approval to change its name to Tremissis, Inc. on August 18, 2014. On January 29, 2015, Tremissis received approval to change its name to N1 Technologies, Inc. in connection with the asset acquisition described below.

**Asset Acquisition** – On February 11, 2015, N1 Belize acquired 100% of the assets of N1 Technologies, Inc. (“N1 Florida”) in exchange for 2,000,000,000 shares of common stock. As a result of this transaction, N1 Belize is referred to as “N1” or “the Company” throughout these notes to the financial statements. N1 Florida was established in the State of Florida, USA, on March 4, 1997, and has been engaged in the development and production of nano-scale products for various industries from its inception.

**Nature of Operations** – N1 is a leader in nanotech research, manufacturing and marketing, and is a pioneer in the blending of nano-scale metals into commercial products for the automotive, aviation and industrial equipment arenas. Additionally, N1 is focused on the invention and promotion of advances nano-particle infused lubricants. The Company is actively perusing various relationships within the auto racing, motorcycle and offshore boat racing communities and believes these high profile sports, and the celebrities associated with them, can provide a great boost to the overall image and mission definition of the Company by associating its products with winning teams and sports stars from the racing world.

N1 NanoSave is the world’s first commercial lubricant additive that reduces high load level friction and wear. The engineering of this revolutionary Nano lubricant is the result of the collaboration of a team of chemists considered for the Nobel Prize. Extensive evaluation of the product has proven that N1 NanoSave does indeed reduce friction, wear and temperature significantly better than other solid lubricants. One very unique feature of the N1 NanoSave brand of lubricants is their ability to prolong the operation and engine service life of any vehicle by providing a thin and protective film that slips into the rough and creviced metal surfaces of the engine parts. This film dubbed NanoShield is released by the nanoparticles that make N1 NanoSave so revolutionary particles. See other Company products described at *Note 6 – Intangible Assets*.

## **2. Summary of Significant Accounting Policies**

**Basis of Preparation** – The financial statements are presented in United States dollars (“\$USD”), and are prepared in accordance with IFRS under the historical cost convention except as otherwise noted. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 3 – Critical Accounting Estimates and Judgments*.

**Note Receivable: Shareholder** – Notes receivable are recognized initially at fair value, and are subsequently carried at amortized cost less an allowance for amounts estimated to be uncollectible, if necessary, based upon the estimated recoverability of amounts due.

**Intangible Assets** – Purchased intangible assets are recorded at cost, where cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. The cost of such an intangible asset is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the fair value of either the asset received or the asset given up can be measured reliably, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets which have indefinite lives are not amortized, and are stated at cost less accumulated impairment losses.



**Property and Equipment** – Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Subsequent to recognition, property and equipment is measured at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income expense, net" in the statement of comprehensive income.

**Cash and Cash Equivalents** – In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the accompanying statement of financial position, any bank overdrafts are shown within borrowings in current liabilities. The Company had no bank overdrafts at the date of the statement of financial position.

**Accounts Payable** – Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

**Share Capital** – Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction from the proceeds received. Where the Company purchases its own common shares of stock, it is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued, and is classified as treasury stock in the accompanying balance sheet. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the company's equity holders. Equity-settled share-based transactions are recorded at the fair value of assets received by or services delivered to the Company.

**Revenue** – The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: persuasive evidence of an arrangement exists, the product has been shipped to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. The Company derives its revenues from product sales to customers, with revenues being generated upon the shipment of goods from the factory. Persuasive evidence of an arrangement is demonstrated via sales invoice or contract; product delivery is evidenced by warehouse shipping log as well as third party shipping invoices; and the sales price to the customer is fixed upon acceptance of the signed purchase order.

**Income Taxes** – The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized for any unused tax losses, tax credits, and deductible temporary differences, to the extent it is probable that the future that taxable profits will be available against which they can be utilized. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.





**Leases** – Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded as rent expense on a straight-line basis over the period of the lease. The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

**Depreciation** – Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives ranging from 3 to 5 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount, which is the higher of an asset's value in use and the fair value less costs to sell. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of profit or loss and other comprehensive income.

**Impairment of Non-Financial Assets** - Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**Interest Income** – Interest income is recognized using the effective interest method on notes receivable.

**Comprehensive Loss** – Comprehensive loss is defined as all changes in member's equity from transactions and other events and circumstances. Therefore, comprehensive loss includes our net loss and all charges and credits made directly to member's equity other than capital contributions and distributions. As of the date of the statement of financial position, the Company has no items other than net loss affecting comprehensive loss.

**Income Per Common Share** – Basic income per common share is calculated by dividing the net income by the weighted average number of common shares outstanding during that period. Diluted income per share is calculated by based on the treasury stock method, by dividing income available to common shareholders, adjusted for the effects of dilutive convertible securities, by the weighted average number of common shares outstanding during the period and all additional common shares that would have been outstanding had all potential dilutive common share been issued. This method computes the number of additional shares by assuming all dilutive options are exercised, except as follows: Shares that would be issued upon the exercise of any convertible debt instruments or convertible preferred shares that are contingent upon the occurrence of a future event are not reflected in the income per share calculation until the contingency is resolved. The total number of shares is then reduced by the number of common shares assumed to be repurchased from the total of issuance proceeds, using the average market price of the Company's common shares for the period. There were no dilutive securities during the period presented in the accompanying financial statements.

**Related Party Transactions** – The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. The disclosures shall include: the nature of the relationship involved, description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements, the dollar amounts of transactions; and amounts due from or to related parties as of the balance sheet date and, if not otherwise apparent, the terms and manner of settlement.



**Fair Value** - Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value measurement in its entirety. Level 1 inputs are quoted market prices available in active markets for identical assets or liabilities as of the reporting date, Level 2 inputs are those directly or indirectly observable as of the reporting date, other than quoted prices in active markets included in Level 1, and Level 3 pricing inputs are generally unobservable and not corroborated by market data. Fair value is considered to be at Level 3 when pricing models are used, such as discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

**Segment Reporting** - Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. As of February 11, 2015, the Company operated in a single segment as described in *Note 1 - Organization and Nature of Operations*.

### 3. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

**Note Receivable: Valuation** - The Company's allowance for uncollectible notes receivable is estimated based on economic trends and specific identification of certain receivables that are at risk of not being paid. In light of the recent volatility in the global economies, the Company's estimates and judgments with respect to the collectability of its receivables have become subject to greater uncertainty than in more stable periods. See *Note 7 - Note Receivable - Shareholder* for details of the Company's note receivable.

**Intangible Assets: Valuation** - Significant estimates and assumptions are required to determine the valuation of tangible and intangible assets, and the expected useful lives for amortizing and determining the recoverability of these assets. Estimates are also necessary in assessing whether there is an impairment of their value requiring a write-down of their carrying amount. In order to ensure that its assets are carried at no more than their recoverable amount, the Company evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an impairment test. The recoverable amount of an asset or group of assets may require the Company to use estimates and mainly to assess the future cash flows expected to arise from the asset or group of assets and a suitable discount rate in order to calculate present value. Any negative change in relation to the operating performance or the expected future cash flows of individual assets or group of assets will change the expected recoverable amount of these assets or group of assets and therefore may require a write-down of their carrying amount. See *Note 6 - Intangible Assets* for details of the components of the Company's intangible assets.

### 4. Financial Risk Management Objectives and Policies

The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company reviews and agrees policies and procedures for the management of these risks. The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk, and liquidity risk. The following section provides details regarding the Company's exposure to these risks and the objectives, policies and processes for the management of these risks.



**Market Risk** – Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. Management believes the Company is not exposed to significant market risk at the date of the statement of financial position.

**Credit Risk** – Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Company. The Company's exposure to credit risk arises primarily from its notes receivable and cash and cash equivalents. Notes receivable arising during the period are with the majority shareholder. Cash and cash equivalents are placed with reputable banks and financial institutions with high credit ratings and no history of default.

**Liquidity Risk** – Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of cash and cash equivalents through regular review of its working capital requirements. The Company monitors and maintains a level of cash considered adequate by management to finance the Company's operations and mitigate the effects of the fluctuations in cash flows.

## 5. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the amount of dividends to the shareholder. The Company has complied with all externally imposed capital requirements as of the date of the statement of financial position, and no changes were made to the Company's capital management objectives, policies or processes during the period then ended.

## 6. Intangible Assets

As a result of the transaction described in Note 1 where the Company acquired 100% of the assets of N1 Florida on February 11, 2015, the Company's intangible assets balance is comprised of the following patents at June 30, 2016:

Unaudited - Quarter Ended March 31, 2016					
Account Description	April 1, 2016	Q2 2016 Additions	Q2 2016 Amortization	Q2 2016 Sales	June 30, 2016
Patent - N1 NanoSave	\$ 1,173,879	\$ -	\$ (25,102)	\$ -	\$ 1,148,777
Patent - RF Superbooster	1,575,000	-	(25,000)	-	1,550,000
Patent - Fridgenator	1,575,000	-	(25,000)	-	1,550,000
Patent - Tungstalon	1,580,324	-	(21,201)	-	1,559,123
Patent - NanoBolt	14,367	-	(184)	(841)	13,342
Patent - Dynamicon	75,055	-	(968)	-	74,087
<b>Balance at June 30, 2016</b>	<b>\$ 5,993,625</b>	<b>\$ -</b>	<b>\$ (97,455)</b>	<b>\$ (841)</b>	<b>\$ 5,895,329</b>

Unaudited - Quarter Ended March 31, 2016					
Account Description	January 1, 2016	Q1 2016 Additions	Q1 2016 Amortization	Q1 2016 Sales	March 31, 2016
Patent - N1 NanoSave	\$ 1,198,981	\$ -	\$ (25,102)	\$ -	\$ 1,173,879
Patent - RF Superbooster	\$ 1,600,000	-	(25,000)	-	1,575,000
Patent - Fridgenator	\$ 1,600,000	-	(25,000)	-	1,575,000
Patent - Tungstalon	\$ 1,601,525	-	(21,201)	-	1,580,324
Patent - NanoBolt	\$ 14,754	-	(190)	(197)	14,367
Patent - Dynamicon	\$ 76,121	-	(968)	(98)	75,055
<b>Balance at March 31, 2016</b>	<b>\$ 6,091,381</b>	<b>\$ -</b>	<b>\$ (97,461)</b>	<b>\$ (295)</b>	<b>\$ 5,993,625</b>



During the first quarter of 2016, the Company sold the rights associated with partial interests in the Dynamicon and NanoBolt patents in exchange for \$10,000 and \$20,000 respectively, and recognized gains of \$9,902 and \$19,902 respectively, representing the amount of proceeds received in excess of the Company's \$98 and \$198 respective basis in these patents upon their sale.

During the second quarter of 2016, the Company sold the rights associated with partial interests in the NanoBolt patent in exchange for \$90,000 and recognized gains of \$89,159 representing the amount of proceeds received in excess of the Company's \$841 basis in this patent upon its sale.

#### **7. Note Receivable - Shareholder**

The Company's note receivable represents funds loaned to its Chief Executive Officer and majority shareholder bearing an interest rate of 6% annually, with principal and interest due as a balloon payment on January 3, 2018 subject to a 5 year extension. The Company determined the full amount of the note receivable to be recoverable at June 30, 2016, and therefore has not recorded any allowance for uncollectible notes in the accompanying financial statements.

#### **8. Investment – Formosa Liberty**

During October 2015, the Company swapped the N1 Organic and Tungsten Hull Coat patents for a controlling interest in Formosa Liberty Corporation. These patents were swapped at their Net Book Value at the time of the swap. The Company determined that the full amount of the investment was an accurate valuation at June 30, 2016, and therefore has not recorded any adjustments to the investment in the accompanying financial statements.

#### **9. Shareholders' Equity**

The Company is authorized to issue 500,000,000 shares of its common stock of which 250,000,000 are issued and outstanding as of June 30, 2016. During the second quarter, the Company had a share split of ten shares for one. This reduced the issued and outstanding stock from 2,500,000,000 to 250,000,000 shares. All shares of the Company's common stock have equal rights and privileges with respect to voting, liquidation and dividend rights. Each share of common stock entitles the holder thereof to one non-cumulative vote for each share held of record on all matters submitted to a vote of the stockholders, to participate equally and to receive any and all such dividends as may be declared by the board of directors out of funds legally available therefore, and to participate pro rata in any distribution of assets available for distribution upon liquidation. Stockholders have no pre-emptive rights to acquire additional shares of common stock or any other securities. Common shares are not subject to redemption and carry no subscription or conversion rights. All outstanding shares of common stock are fully paid and non-assessable.

#### **10. Revenue**

During the period from January 1, 2016 to June 30, 2016, no single customers represented over 10% of the Company's revenue. All of the Company's revenue during the aforementioned period was generated from sales of its N1 NanoSave motor oil and grease products and the patents described in *Note 6 – Intangible Assets*.



## 11. Operating Expenses

The Company's operating expenses are comprised of the following components:

Description	3 months ended Unaudited	3 months ended Unaudited
	June, 30 2016	March, 31 2016
Amortization	\$ 97,455	\$ 97,461
Compensation	19,280	6,250
Depreciation	567	567
General	49,340	49,471
Professional fees	2,730	7,417
Rent and utilities	6,871	7,826
<b>Administrative expenses</b>	<b>\$ 176,242</b>	<b>\$ 168,992</b>
<b>Selling and distribution costs</b>	<b>\$ 60,700</b>	<b>\$ 23,500</b>
<b>Total operating expenses</b>	<b>\$ 236,942</b>	<b>\$ 192,492</b>

## 12. Income Taxes

For the period ended June 30, 2016, the Company incurred a taxable loss, and therefore generated a deferred income tax asset associated with this net operating loss that will be used to offset future taxable income. However, on a net basis, the Company has not reflected this income tax benefit in the accompanying financial statements due to recording a full valuation allowance on the deferred income tax asset.

## 13. Commitments and Contingencies

**Contingencies** – The Company is subject to legal claims that may arise in the normal course of business. However, management is unaware of any pending or threatened claims that would require adjustment or disclosure to the accompanying financial statements.

**Lease Commitments** – The Company leases its corporate office facility pursuant to month to month lease for a fixed monthly payment of \$2,000. The Company also leases its production facility pursuant to month to month lease for a fixed monthly payment of \$1,000. The Company's aggregate minimum lease payment obligation over each of the next five years is expected to be approximately \$16,000 annually.

## 14. Events Occurring After the End of the Reporting Period

No events occurred subsequent to June 30, 2016, that would require adjustment to the accompanying financial statements or footnotes.

## 15. Approval of the Financial Statements

The accompanying financial statements were approved by the board of directors and authorized for issue on July 20, 2016.