AMERICAN GREEN INC

Fka

(Tranzbyte Corporation)

ANNUAL FINANCIAL STATEMENTS

(UNAUDITED)

For the Years Ended

JUNE 30, 2014 and 2013

AMERICAN GREEN INC.
CONSOLIDATED BALANCE SHEET
UNAUDITED
AT JUNE 30, 2014

ASSETS

CURRENT ASSETS:		
Cash	$	202,463
Receivables		7,900
Inventory		159,296
Total current assets		369,659
OTHER ASSETS:		
Furniture, fixtures & equipment		15,000
Less accumulated depreciation		(6,250)
Investments		681,001
Intellectual property		1,696,131
Less accumulated amortization		(777,938)
Security deposits		18,462
Goodwill		2,241,966
Total assets	$	4,238,031

LIABILITIES

CURRENT		
Accounts payable and accrued expenses	$	490,414
Loans from shareholders		2,265,641
Debentures payable and accrued interest		2,300,589
Total current liabilities		5,056,644
LONG TERM		
Acquisition Debt		2,177,599
Total Liabilities		7,234,243

STOCKHOLDERS' DEFICIT

Preferred stock Series B		65,000
Preferred stock Series C		1
Common stock		3,895,373
Additional paid-in capital		12,687,257
Accumulated (deficit)		(19,643,843)
Total stockholders' deficit		(2,996,212)
Total liabilities and stockholders' deficit	$	4,238,031

See accompanying notes to these unaudited consolidated financial statements.

AMERICAN GREEN INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the year ended June 30, 2014	For the year ended June 30, 2013
REVENUE		
Revenue	$ 313,961	$ 48,633
Cost of sales	(163,363)	0
Gross profit	150,598	48,633
OPERATING EXPENSES		
General and administrative	$ 183,782	$ 41,612
Research & Development	73,660	0
Bad debt expense	0	19,330
Sales & marketing	122,122	2,333
Staff consultants – Note 7	735,614	260,000
Outside consultants	323,719	29,467
Legal & accounting	171,884	159,273
Officer compensation	203,750	148,735
Travel	54,328	1,563
Shareholder communication	19,260	13,357
Rent & utilities	44,641	26,275
Interest expense	93,714	79,021
Depreciation & amortization	128,999	33,250
Total Operating Expenses	2,155,473	814,216
Net (loss)	$ (2,004,875)	$ (765,583)

See accompanying notes to these unaudited consolidated financial statements.

AMERICAN GREEN INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
UNAUDITED

	Preferred Shares	Amount	Common Shares	Amount
Balance at June 30, 2012	13,000,000	65,001	909,829,319	$909,830
Shares issued to loans from shareholder			43,538,244	43,538
Shares issued for debt			6,865,530	6,865
Shares issued for debentures prin & accrued intr			1,658,130,097	1,658,130
Shares issued for services			2,152,120	2,152
Net (loss) for the year ended Jun 30, 2013				
Balance at June 30, 2013	13,000,000	$65,001	2,620,515,310	2,620,515
Shares issued to loans from shareholder			14,471,743	14,471
Shares issued for debt			2,832,552	2,833
Shares issued for acquisitions			171,342,846	171,342
Shares issued for debentures prin & accrued intr			1,060,312,045	1,060,312
Shares issued for services			20,900,295	20,900
Shares issued for vending designs			5,000,000	5,000
Net (loss) for the year ended Jun 30, 2014				
Balance at June 30, 2014	13,000,000	65,001	3,895,374,791	3,895,373

See accompanying notes to these unaudited consolidated financial statements.

	Paid-In Capital	Accumulated (Deficit)	Total
Balance at June 30, 2012	$13,287,911	($16,873,385)	($2,610,643)
Shares issued to loans from shareholder	39,045		82,583
Shares issued for debt	8,135		15,000
Shares issued for debentures prin & accrued intr	(749,714)		908,416
Shares issued for services	14,514		16,666
Net (loss) for the year ended Jun 30, 2013		(765,583)	(765,583)
Balance at June 30, 2013	12,599,891	-17,638,968	-2,353,561
Shares issued to loans from shareholder	56,164		70,635
Shares issued for debt	7,167		10,000
Shares issued for acquisitions	290,325		461,667
Shares issued for debentures prin & accrued intr	-477,140		583,172
Shares issued for services	65,850		86,750
Shares issued for vending designs	145,000		150,000
Net (loss) for the year ended Jun 30, 2014		(2,004,875)	(2,004,875)
Balance at June 30, 2014	12,687,257	(19,643,843)	(2,996,212)

See accompanying notes to these unaudited consolidated financial statements.

AMERICAN GREEN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the year ended June 30, 2014	For the year ended June 30, 2013
OPERATING ACTIVITIES		
Net (loss) for the period	$ (2,004,875)	$ (765,583)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Shares issued - debt and services	96,750	31,666
Shares issued - loans to shareholders	70,635	82,583
Shares issued - debentures & interest	583,172	908,416
Depreciation & amortization	48,999	33,250
Changes in assets and liabilities		
(Incr)/decr - accounts receivable	(7,900)	
(Incr)/decr - Inventory	(133,775)	(25,521)
(Incr)/decr - Security deposits	(18,462)	
Incr/(decr) in accounts payable	(14,576)	36,602
Incr/(decr) in debentures payable	298,358	(317,673)
Incr/(decr) in accrued interest	(1,985)	(27,661)
Incr/(decr) - loans from shareholders	495,970	(229,818)
Net cash (used in) provided by operating activities	(587,689)	(273,739)
INVESTING ACTIVITIES		
Acquisition of furniture and equipment		(15,000)
Goodwill from OneBode acquisition		(3,103,303)
Acquisition of Yo Card		(250,000)
Investment in machine technology	(201,000)	
Net cash (used in) provided by investing activities	(201,000)	(3,368,303)
FINANCING ACTIVITIES		
Issuance of debentures for cash	1,060,000	0
OneBode liabilities		1,393,834
Acquisition debt or OneBode	(72,401)	2,250,000
Net cash (used in) provided by financing activities	987,599	3,643,834
INCREASE (DECREASE) IN CASH	198,910	1,792
CASH, BEGINNING OF PERIOD	3,553	1,761
CASH, END OF PERIOD	$ 202,463	$ 3,553

AMERICAN GREEN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the year ended June 30, 2014	For the year ended June 30, 2013
NON CASH TRANSACTIONS IN COMMON SHARES		
22,448,213 shares- Yo Corporation	$ 45,000	$ 45,000
29,779,141 shares One Bode Ventures	$ 83,334	$ 83,334
119,115,492 shares One Bode Holdings	$ 333,333	$ 333,333
5,000,000 shares for vending designs	$ 150,000	$ 0

See accompanying notes to these unaudited consolidated financial statements.

AMERICAN GREEN INC.
Notes to Unaudited Consolidated Financial Statements
For the years ended June 30, 2014 and 2013
(Unaudited)

NOTE 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company

The Company was incorporated on November 12, 1998 in Nevada as Ti-Mail Inc. During the year 2000 it changed its name to Desert Winds Entertainment, Inc. and then during 2000 to SunnComm, Inc., during 2002 to SunnComm Technologies, Inc., and during 2004 to SunnComm International Inc. On June 14, 2007 the Company changed its name from SunnComm Technologies Inc. to The Amergence Group, Inc. On March 8, 2011 the Company changed its name to Altitude Organic Corporation. On January 6, 2012, the Company changed its name to Tranzbyte Corporation and on May 9, 2014 changed its name to American Green Inc.

The Company under its Altitude Organix division is developing retailing, branding, and commercial cultivating strategies in conjunction with licensed medical marijuana retail dispensaries. While the Company is no longer associated with the Altitude Organic Medicine outlets in Colorado, it has spent the last year developing an "automated dispensary" that will offer the company's proprietary products to qualified adults in the US and around the world.

The Company, in association with its previous spin-out subsidiary, PanPacific International and Vending Design Concepts, are engaged in developing an advanced automated dispensary (Project 21) designed for use by adult customers around the world. Beta testing and preliminary rollout of the machines are being planned to occur before the end of this calendar year. Once rolled out, the automated dispensaries will be part of company's proprietary Zazzz Network.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the periods presented. Significant adjustments may be required upon the financial statements being audited to be in conformity with Generally Accepted Accounting Principles.

Acquisitions

OneBode Holdings, LLC

The Company acquired OneBode Holdings effective June 17, 2013 for $2,000,000 payable in common stock over 18 months based upon the average bid and ask price of Company's common shares for the previous 30 day period as listed on OTC Markets. The Company has assumed approximately $1,338,235 of disclosed and undisclosed debt that has been deducted from the balance owed on the purchase price. The Company has paid down assumed liabilities by $72,401 since the acquisition. The Company has issued 119,115,492 shares of common stock valued at $333,333 to the members of OneBode Holdings LLC and has proposed a remaining total of 5,378,245 common shares valued at $328,432 to acquire all of the remaining membership interests. See Note 8.

OneBode Ventures, LLC

The Company acquired OneBode Ventures for $500,000 payable in common stock over 18 months based upon the average bid and ask price of Tranzbyte common shares for the previous 30 day period as listed on OTC Markets. Company has assumed approximately $97,800 of disclosed and undisclosed debt that has been deducted from the balance owed on the purchase price. The Company has issued 29,779,141 shares of common stock valued at $83,334 to the members of OneBode Ventures LLC and has proposed a remaining total of 45,885,439 common shares valued at $318,865 to acquire all of the remaining membership interests. See Note 8.

Yo Corporation

The Company originally agreed to acquire Yo Corporation for $250,000 payable in 10,000,000 shares of common stock valued at $40,000 on May 13, 2013 and $15,000 of common stock a month over 14 months based upon the average bid and ask price of the Company's common shares for the previous 30 day period as listed on OTC Markets

based upon the debit card working anywhere Mastercard is accepted. The Company has discovered that the card is not working where Mastercard is accepted; therefore, discussions are ensuing with the seller as to the current value of the card and a fair acquisition price. The Company has issued 22,448,213 shares of common stock valued at $45,000 at the time of issuance to the shareholders of YO Corporation.

Potential Acquisitions

On January 5, 2012, the Company entered into an agreement to acquire all of the outstanding shares of Proxima-RF Technology Holding Company Ltd. “Proxima” for 6,500,000 shares of Preferred Series C stock of the Company. The Company agreed with Proxima to use its best efforts to repurchase and retire the Preferred Series C shares. Once the acquisition is finalized, the company has plans to increase its network of global distributors and value-added resellers. With its "Proxima RF" line of RFID readers, sensor tags, sensor probes and data logging products, the Company seeks out opportunities with partners who have a unique software offering within market verticals where the implementation of secure data collection and temperature sensing bring real and immediate ROI to users. These key markets include: food safety, cold chain logistics and healthcare/pharmaceutical as well as factory and field maintenance applications.

Going Concern

The Company operates in an industry that is subject to rapid change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

The ability of the Company to continue as a going concern is dependent on the successful execution of Management's plans, which include sales of its products, further implementation of its business plan and continuing to raise funds through debt or equity financings. The Company will likely need to rely upon debt or equity financing in order to ensure the continuing existence of the business.

The accompanying unaudited 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.

Principles of Consolidation

The Company’s consolidated financial statements include the assets, liabilities and operating results of the Company and its wholly owned subsidiaries.

Use of Estimates

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

Cash & Cash Equivalents

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

Inventory

Inventory is valued on an average cost basis and reviewed quarterly for impairment.

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.

Goodwill

Goodwill is the amount of the purchase price of acquisitions in excess of the net assets acquired. The amount may be adjusted from time to time as necessary to reflect the most accurate purchase price of acquisitions.

Income Taxes

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

NOTE 2: INTELLECTUAL PROPERTY

The Company's 10-year-old Tranzbyte division continues to focus on the development and marketing of its innovative group of optical media enhancement technologies worldwide such as FLASHAlbum, a technology which enables distributors of optic disc media (CDs and DVDs) to combine the best features of both mediums on one content-protected USB flash drive.

CDMX is a multi-media CD enhancement technology is housed entirely on the CD itself and does not require the loading of any software components in order to access the music and bonus content. It also provides an enabling technology that is designed to offer companies an innovative alternative to traditional marketing media. Housed on a digitally-enhanced CD, providing branding, viral marketing, advertising and revenue-generating opportunities.

DVCD provides an environment and interface to include additional digital content on a Video DVD. The most common application might be a movie soundtrack or other audio content included on the same DVD as a movie.

All•Play allows the use of electronic, optical and digital content across multiple applications, and more specifically, allows both content owners and end users to control how and where they can access content. For example, the delivery of music from an online music store to multiple destinations in multiple formats.

DVD copy management, content protection and enhancement technology. This legacy technology provides an alternative, authorized process to play, move and share content from Video-based (Movie) DVDs in a legally approved and controlled process. It provides a compromise solution that delivers limited rights and enhanced features to DVD buyers without allowing freedom to steal content from the producer, or studio.

Collectively, the above-described technologies are valued at $1,196,131 less accumulated amortization of $677,939 resulting in a net value of $518,192.

On June 17, 2013 the Company acquired the rights of a marketing video as part of the acquisition of OneBode Ventures LLC. The video was valued at $250,000 and will be amortized over 3 years. Accumulated amortization at June 30, 2014 was $83,333.

On May 13, 2013 the Company acquired the Yo Debit card for $250,000. The intangible asset will be amortized on a straight-line basis over 15 years starting July 1, 2013. Accumulated amortization at June 30, 2014 was $16,666.

NOTE 3. INVESTMENTS

At May 24, 2010, the company entered into a Joint Venture Production Agreement with PanPacific International Limited, “PanPacific”, whereby it would receive 50% of the profits in three scheduled concerts with internationally known artists to be performed in Hong Kong, and other agreed-upon joint enterprises, for 60 million restricted common shares valued at $2,400,000. On August 9, 2010, PanPacific and the company formed a Nevada corporation and named it PanPacific International, Inc., “Pan International”. PanPacific contributed it business operation allowing Tranzbyte to establish a presence and capabilities in Hong Kong, Macao, and China mainland enabling the company to consider future joint ventures to be identified and its advertising network for 75% ownership and the company received 25% for its prior capital investment of 60 million common shares. During December 2010, the company issued a restricted stock dividend to its shareholders comprised of 80% of its holdings, which was 20% of Pan International’s total outstanding common shares. The company reduced its investment in Pan International by 80% to 480,000 shares for the dividend.

The company owns 10 million shares of Pan International representing 5% of Pan International’s total outstanding common shares with a cost basis of $480,000.

The Company has also invested $201,001 in its vending and water enhancement technology.

NOTE 4. DEBENTURES PAYABLE

Retired Debentures

On December 15, 2006, the Company originally issued a debenture payable to a Holder for $150,942 in cash advances. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed $7,707 in principal and $28,529 in accrued interest. During the year quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at $11,486 paying off the principal and reducing the accrued interest by $3,779. During the quarter ended December 31, 2012, the Company issued 45,000,000 common shares valued at $24,925 that paid off all the accrued interest on the debenture resulting in the debenture being paid off and retired by the Company.

During the quarter ended September 30, 2011 a lender advanced the company $7,500 that was converted into a debenture at December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarters ended September 30, 2012 and December 31, 2012, interest accrued on the debenture was $188 and $188, respectively. During the quarter ended March 31, 2013 the debenture accrued $187 in interest and $188 for the quarter ended June 30, 2013. At June 30, 2013 the Holder was owed $7,500 in principal and $1,489 in accrued interest. During the quarter ended September 30, 2013, the Company issued 16,514,816 common shares to the Holder resulting in the entire principal and accrued interest being paid off.

On December 31, 2011 the Company issued a debenture to a Holder for $26,444 for cash advances to the Company during the quarter ended December 31, 2011. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture will accrue interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarter ended September 30, 2013, interest accrued on the debenture of $661. At September 30, 2013, the principal balance was $26,444 and the accrued interest was $4,627. The Company paid off the debenture during the quarter ended December 31, 2013 by issuing 48,080,000 common shares for $26,444 of principal and 8,812,727 common shares for $4,847 of accrued interest through the end of the same quarter.

On December 31, 2010, the Company issued a debenture payable for $162,706 for cash advances during the 2010 calendar year. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 6,666,667 common shares valued at $6,667 reducing the principal by $1,092 and accrued interest $5,575. At September 30, 2012, the Company owed the Holder $4,324 in principal and $7,816 in accrued interest. During the quarter ended June 30, 2013, the Holder converted $590 of principal and $2,848 of accrued interest for 6,250,000 common shares of the Company. During the quarter ended December 31, 2013 the debenture accrued $108 in accrued interest resulting in the Company owing $4,324 in principal and $8,462 in accrued interest at December 31, 2013. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 7,861,818 common shares for $4,324 of principal and 15,385,455 common shares for $8,462 of accrued interest through the end of the same quarter.

On March 31, 2008, the company originally issued a debenture payable to a creditor for $205,000 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012 the Company owed $11,015 in principal and $2,022 in accrued interest. During the quarter ended September 30, 2012 the debenture accrued $275 in interest. During the quarter ended March 31, 2013 the debenture accrued $276 in interest. At March 31, 2013, the Company owed the Holder $11,015 in principal and $2,848 in accrued interest. During the quarter ended December 31, 2013 the debenture accrued $261 in interest. At December 31, 2013 the Company owed the Holder $10,425 in principal and $782 in accrued interest. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 18,954,545 common shares for $10,425 of principal and 1,501,818 common shares for $826 of accrued interest through the end of the same quarter.

On December 31, 2009, the company originally issued a debenture payable to a creditor for $278,184 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed the Holder $73,184 in principal and $23,511 in accrued interest. During the quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at $24,750 reducing the principal by $14,032 and accrued interest $10,718. During the quarter ended December 31, 2012 the Company issued a total of 120,000,000 common shares under two separate demands notices valued at a total of $66,000. During the quarter ended March 31, 2013 the debenture accrued $189 in interest. During the quarter ended September 30, 2013, the debenture accrued $189 of interest. During the quarter ended December 31, 2013 the debenture accrued $189 of interest and at December 31, 2013 the Company owed the debenture holder $7,570 of principal and $944 of accrued interest. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 13,763,636 common shares for $7,570 of principal and 1,945,455 common shares for $1,070 of accrued interest through the end of the same quarter.

On June 29, 2012, the Company issued a $500,000 convertible debenture to a former president of the Company in exchange for his release of a $268,000 secured note that had a lien on the Company's inventory and any and all of its' assets of any kind or nature including assets held by its subsidiaries as of February 11, 2011. The value of the Debenture was determined based upon a discount to the book value of the Company's intellectual property and assets. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarter ended March 31, 2012 the Company issued a total of 475,000,000 common shares under four separate demand notices reducing the principal by $261,250. Accrued interest expense during the quarter ended March 31, 2013 was $2,662. During the quarters ended September 30, 2013 and December 31, 2013, the debenture accrued $675 of interest during each respective quarter. At December 31, 2013, the principal balance was $27,000 and the accrued interest was $29,036. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 49,090,909 common shares for $27,000 of principal and 50,909,091 common shares for $28,000 of accrued interest through the end of the same quarter.

On November 30, 2012, the Company reduced its loans from shareholders by $210,000 by issuing a debenture to a consulting corporation for its services for the same amount from January 1, 2011 through December 31 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended March 31, 2013 was $5,250. During the quarter ended June 30, 2013, the Holder converted $84,820 of principal and $11,430 of accrued interest for 175,000,000 resulting in the outstanding principal being $125,180 at the end June 30, 2013. During the quarter ended September 30, 2013, the Holder converted $110,000 of principal for 210,379,957 common shares resulting in the outstanding principal being $15,180 at September 30, 2013. The debenture accrued $379 of interest during the quarter ended December 31, 2013 resulting in an outstanding principal balance of $15,180 and $379 of accrued interest at the end of the quarter. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 27,600,000 common shares for $15,180 of principal and 689,091 common shares for $379 of accrued interest through the end of the same quarter.

On November 30, 2012, the Company reduced its loans from shareholders by $165,000 by issuing a $165,000 convertible debenture to a former president of the Company for his services from January 1, 2010 thru January 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended March 31, 2013 was $4,125 and $4,125 for the quarter ended June 30, 2013 resulting in the Company owing $165,000 in principal and $9,625 in accrued interest at June 30, 2013. During the quarter ended September 30, 2013, the debenture accrued $4,125 in interest resulting in the Company owing 165,000 in principal and $13,750 in accrued interest. During the quarter ended December 31, 2013, the Holder converted into 218,107,273 common shares reducing the principal by $119,959 and 25,000,000 common shares for $13,750 of accrued interest. Interest of $2,626 accrued during the quarter resulting the principal balance being $45,041 and accrued interest being $2,626 at December 31, 2013. The Company paid off the debenture during the quarter ended March 31, 2014 by issuing 81,892,727 common shares for $45,041 of principal and 4,774,546 common shares for $2,626 of accrued interest through the end of the same quarter.

On June 30, 2013, the Company reduced its loans from shareholders by $59,167 by issuing a $59,167 convertible debenture to a financial consultant of the Company for expenses paid from January 1, 2012 thru June 30, 2012. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The terms of the conversion are the same as the terms of conversion in the grid note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarters ended September 30, 2013, December 31, 2013 and March 31, 2014 the debenture accrued $1,479 of interest in each respective quarter. At March 31, 2014, the debenture had $59,167 of principal and $4,438 of accrued interest outstanding. During the quarter ended June 30, 2014, the Company paid off the principal and accrued interest on the Debenture.

Outstanding Debentures

On September 30, 2011, the company reduced its accounts payable by $270,000 by issuing a debenture to the company's former president for the same amount for unpaid compensation from July 1, 2008 through December 31 2009. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 120,213,500 common shares valued at $78,275 reducing the principal by $72,650 and accrued interest $5,625. During the quarter ended December 31, 2012 the Company issued 85,000,000 shares reducing the principal by $46,750 and accrued interest expense during the quarter was $3713. During the quarter ended March 31, 2013 the Company issued 150,000,000 shares to the Holder reducing the principal by $53,450 and accrued interest by $29,050. During the same quarter $3,000 of interest accrued on the debenture. During the quarter ended September 30, 2013, the debenture accrued $2,254 of interest. At September 30, 2013 the Company owed the Holder $90,150 in principal and $7,507 in accrued interest. During the quarter ended December 31, 2013 the Holder converted $33,743 of principal into 61,350,909 common shares and $7,507 of accrued interest expense into 13,649,091 of common shares. During the quarter ending March 31, 2014, the Company retired $22,000 of debenture principal for the issuance of 40,000,000 common shares and $3,590 of accrued interest for 6,527,273 common shares. At June 30, 2014 the Company owed the Holder $34,407 in principal and $1,436 accrued interest.

On November 30, 2012, the Company reduced its loans from shareholders by $120,000 by issuing a $120,000 convertible debenture to a financial consultant of the Company for his services from January 1, 2011 thru December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended September 30, 2013 resulted in the Company owing $120,000 in principal and $10,000 in accrued interest. During the quarter ended December 31, 2013, the Holder converted into 56,818,182 common shares reducing the principal by $31,250 and 18,181,818 common shares for $10,000 of accrued interest. Interest of $2,609 accrued during the quarter resulting the principal balance being $88,750 and accrued interest being $2,609 at December 31, 2013. During the quarter ending March 31, 2014, the Company retired $24,891 of debenture principal for the issuance of 45,256,364 common shares and $2,609 of accrued interest for 4,743,636 common shares. At March 31, 2014 the Company owed the Holder $63,859 in principal and $1,596 of accrued interest. During the quarter ended June 30, 2014, the Company retired $11,000 of principal and $1,596 of accrued interest. At June 30, 2014 the Company owed the Holder $52,859 in principal and $1,325 of accrued interest.

On June 30, 2013, the Company reduced its loans from shareholders by $240,000 by issuing a $240,000 convertible debenture to a financial consultant of the Company for his services from July 1, 2012 thru June 30, 2013. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The terms of the conversion are the same as the consultant's terms of conversion for the shares earned during each quarter in which the services were rendered. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarters ended September 30, 2013, December 31, 2013 and March 31, 2014 the debenture accrued $6,000 of interest in each respective quarter. At June 30, 2014, the debenture had $240,000 of principal and $24,000 of accrued interest outstanding.

On October 1, 2013, the Company reduced its accounts payable by $217,293 by issuing a convertible debenture in the same amount to the Company for expenses paid on behalf of Tranzbyte from July 1, 2013 thru September 30, 2013. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From October 1, 2013 through June 30, 2014 the debenture accrued $5,432 of interest in each respective quarter. At June 30, 2014, the debenture had $217,293 of principal and $16,296 of accrued interest outstanding.

On October 1, 2013, the Company issued a $10,000 convertible debenture for a $10,000 cash advance on September 16, 2013 to one of its subsidiaries for it's operation. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From October 1, 2013 through June 30, 2014 the debenture accrued $250 of interest in each respective quarter. At June 30, 2014, the debenture had $10,000 of principal and $750 of accrued interest outstanding.

On November 15, 2013, the Company issued a debenture for $22,400 for cash advances in the same amount on the same date for cash advances to one of its subsidiaries for it's operation. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. From October 1, 2013 through June 30, 2014 the debenture accrued $280 of interest in each respective quarter. At June 30, 2014, the debenture had $22,400 of principal and $560 of accrued interest outstanding.

On December 30, 2013, the Company issued a debenture for $220,144 for cash advances in the same amount for expenses paid on behalf of the Company from October 1, 2013 thru December 30, 2013. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $217,293 of principal and $5,504 of accrued interest outstanding.

On March 31, 2014, the Company issued a debenture for $164,015 for expenses paid on behalf of the Company during the quarter ended March 31, 2014. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $164,015 of principal and $4,100 of accrued interest outstanding.

On March 31, 2014, the Company issued a debenture for $220,000 for expenses paid on behalf of the Company during the quarter ended March 31, 2014. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The terms of the conversion are the same as the terms of conversion in the note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $220,015 of principal and $5,500 of accrued interest outstanding.

On April 24, 2014 the Company issued a debenture for $500,000 for cash in the same amount on the same date. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $500,000 of principal outstanding.

Also on April 24, 2014 the Company issued a debenture for $310,000 for cash advanced to Company from April 3, 2014 to April 23, 2014. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $310,000 of principal outstanding.

On June 23, 2014 the Company issued a debenture for $250,000 for cash in the same amount on the same date. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 12 months before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2014, the debenture had $250,000 of principal outstanding.

NOTE 5: LOANS FROM SHAREHOLDERS

During the quarter ended March 31, 2013, the Company paid down loans from shareholders by $54,250 but unpaid cash advances of $36,950 and unpaid services during the quarter from existing shareholders valued at $116,500 resulted in the ending balance at March 31, 2013 being $1,897,139. During the quarter ended June 30, 2013 the Company reduced loans from shareholders by $299,167 through the issuance of two debentures but unpaid cash advances of $61,999 and unpaid services of $110,000 during the quarter from existing shareholders resulted in an ending balance of $1,769,671 at June 30, 2013. During the year ended June 30, 2014 loans from shareholders increased by $495,970 for cash advances and services on behalf of the Company.

NOTE 6. STOCKHOLDERS EQUITY

Preferred Stock

On January 3, 2012, the Company designated 6,500,000 preferred shares to be authorized in Series C Preferred Stock at a face value of $1 per share. The Class C Preferred shares are non-voting, have no dividend rights and rank junior to all other Preferred Classes of Stock. The Class C Stock is secured by 100% of its right, title and interest in all of the outstanding and issued capital stock of Proxima-RF Technology Holding Company Ltd. "Proxima R-F". The ownership percentage in Proxima-RF is held as collateral by the Series C Preferred stockholders and will be reduced as the Company may from time to time purchase and retire any number of Class C Preferred Stock for cash. The value of the Preferred Series C will be carried at $1 on the Company's financial statements and will be adjusted as the Company may repurchase the Preferred Stock and increase its ownership interest in Proxima R-F.

On June 29, 2012, the Company issued the 6,500,000 Preferred Series B shares to David Gwyther as consideration for signing a three-year employment agreement with the Company. On November 18, 2012 a majority of the common shareholders approved in writing to change the voting rights of the Preferred Series B shares from 100 votes per common share to 1,000 votes per common share. The Preferred Series B shares held by the Company's president, David Gwyther have voting control of the Company with 1,000 votes for each preferred share held.

At December 31, 2013 the Company had authorized 30,000,000 preferred shares with 13,000,000 preferred shares outstanding at $.01 par and can issue shares of preferred stock in such classes and with such preferences as may be determined by the board of directors or the bylaws of the Company.

Common Stock

On June 14, 2007 the Company consolidated its authorized and outstanding common shares at a 1 for 1,000 ratio. After the stock consolidation the Company had authorized 870,000 common shares at a par value of $.001.

On May 29, 2012, the Company increased its authorized common shares to 1,350,000,000 at a par value of $.001.

On December 14, 2012, the Company increased its authorized common shares to 1,995,000,000 at a par value of $.001.

On January 17, 2013, the Company increased its authorized common shares to 2,750,000,000 at a par value of $.001.

On August 30, 2013, the Company increased its authorized common shares to 3,750,000,000 at a par value of $.001.

On January 9, 2014 the Company increased its authorized common shares to 4,750,000.

On July 21, 2011, the company issued 5,000,000 common shares under a debenture that converted $9,436 of principal and $2,314 of accrued interest. On August 29, 2011, the Holder of a debenture converted $27,883 of principal and $5,867 of accrued interest for 9,000,000 common shares of the company.

On October 7, 2011, the Holder of two debentures was issued 20,844,616 common shares valued at $68,445 resulting in one of the debentures being paid in full and the other debenture being reduced by $32,362 of principal and $2,606 of accrued interest.

During the quarter ended December 31, 2011 the Holder of a debenture was issued 53,215,384 shares of common stock resulting from three separate conversions valued at $60,666 of principal and $59,534 of accrued interest.

On January 20, 2012, the Company issued 36,627,648 to the Company's president for services rendered from February 1, 2011 thru January 20, 2012 valued at $85,277 and then resigned as the president. In addition 500,000 shares were issued to a consultant valued at $1,400.

On February 1, 2012, the Holder of a debenture was issued 25,000,000 common shares valued at $25,000 resulting in the debenture being reduced by $20,071 of principal and $4,929 of accrued interest. In addition 1,000,000 shares were issued to an individual valued at $15,000 for accrued legal fees.

During the quarter ended June 30, 2012, a total of 206,414,686 common shares were issued in settlement of $265,191 of principal and $1,008 of accrued interest on three outstanding debentures of the Company.

During the quarter ended September 30, 2012, a total of 220,238,267 common shares were issued in settlement of $115,553 of principal and accrued interest on four debentures of the Company. The Company also issued 5,797,978 common shares valued at $43,333 to reduce loans from shareholders.

During the quarter ended December 31, 2012, a total of 635,000,000 common shares were issued in settlement of $310,082 of principal and $39,343 of accrued interest on four outstanding debentures of the Company resulting in one of the debentures being paid in full.

During the quarter ended March 31, 2013, the Company reduced loans from shareholders by $39,250 by issuing 14,034,333 common shares for $15,000 of accrued debt for past legal services and 20,347,833 common shares to the Company's President for unpaid services of $24,250. The number of common shares that were earned by the Company's President from October 2011 through January 2012 was 8,633,818 and the common shares earned from October 2012 through December 2012 were 11,714,015.

During the quarter ended March 31, 2013 the Company paid down $314,700 of debentures payable along with accrued interest on the debentures of $29,050 under five separate conversion notices with the issuance of 625,000,000 common shares.

Also during the quarter ended March 31, 2013, the Company paid down $15,000 of accrued debt to two consultants with the issuance of 6,865,530 common shares and paid the same two consultants $16,666 for services with 2,152,120 common shares.

During the quarter ended June 30, 2013 the Company paid down $85,410 of debentures payable along with accrued interest on the debentures of $14,278 under three separate conversion notices totaling the issuance of 181,250,000 common shares.

During the quarter ended September 30, 2013, the Company issued 14,471,743 restricted common shares to its directors for services valued at $70,635, 216,514,545 common shares to retire $117,500 in outstanding debenture debt and accrued interest and 2,832,552 restricted common shares valued at $10,000 for consulting services.

During the quarter ended December 31, 2013 the Company paid down $211,396 of debentures payable along with accrued interest on the debentures of $36,104 under four separate conversions totaling the issuance of 450,000,000 common shares.

On October 30, 2013, the Company issued its first traunch of restricted common shares totaling 171,342,846 to the shareholders of three companies it agreed to purchase. See footnote 1 “Acquisitions”.

During the quarter ended March 31, 2014, the Company issued 370,895,682 common shares to retire $203,993 of debenture debt and accrued interest to various debenture holders.

During the quarter ended June 30, 2014, the Company issued 1,365,671 common shares for past services rendered by its past Chief Operating Officer, 2,000,000 shares to its current President as part of his employment agreement and 17,534,624 common shares for service rendered during 2013 by a director. The Company also issued 22,901,818 common shares to a debenture holder in payment of $11,000 of principal and $1,596 of accrued interest.

At June 30, 2014, the Company had 4,750,000,000 authorized common shares and 3,895,374,791 common shares issued and outstanding. See note 4 for details.

NOTE 7. STAFF CONSULTANTS

The Company has ten staff consultants that work full-time on behalf of the Company. Each consultant has at least 15 years of experience in his or her respective field of expertise. Areas of expertise covered by the ten consultants are:

1. Building and designing computer networks that will interface with the dispensing machine.
2. Supervising logistics of operations involving client orders and the shipping of the product to the customer.
3. Water chemistry analytical products for use by laboratories and hydroponics.
4. Programming and web designs with interfacing capability.
5. Business development, acquisitions and marketing strategies.
6. Sales
7. Public relations media
8. Social media and marketing

NOTE 8. SUBSEQUENT EVENTS

On July 7, 2014 the Company announced that it sold OneBode Holdings LLC and OneBode Ventures LLC for $3,500,000 to the Healthy Home Company. The consummation of the sale will occur when the Company delivers proof of ownership to the buyer. See Note 1 “Acquisitions”.