

# **QUARTERLY REPORT**

**Pursuant to Rule 15c2-(11)(a)(5)  
Under the Securities Exchange Act of 1934**

**Period ending Q3 March 31, 2011**



**375 Water St., Suite 200  
Vancouver, BC V6B 5C6**

**CUSIP: 46574A 205**

**TRADING SYMBOL: IKTO**

**The Company was previously a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from the Company or any of its affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction.**

**ITOKK, INC.**  
**INFORMATION AND DISCLOSURE STATEMENT**  
**PURSUANT TO RULE 15c2-(11)(a)(5)**

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11 (a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the rule.

**Item 1            Exact name of the issuer and the address of its principal executive offices.**

The name of the issuer is:     ITOKK, INC. (the "Issuer").  
Address:                         375 Water Street, Suite 200  
  Vancouver, British Columbia, V6B 5C6  
Telephone:                       778-373-6381  
Websites:                        The Issuer maintains the following websites: www.itokk.com and www.itokk.mobi.

**Item 2            Shares outstanding.**

***As of the period ending March 31, 2011:***

- (i) There were 49,880,000,000 common shares authorized;
- (ii) There were 15,404,919,765 common shares issued and outstanding;
- (iii) There were 400,858,565 freely tradable common shares (public float)
- (iv) The Company had approximately 16 beneficial shareholders
- (v) The Company had 16 shareholders of record.
  
- (vi) There were 120,000,000 preferred shares authorized;
- (vii) There was 11,569,001 preferred shares issued and outstanding;
- (viii) There were 0 freely tradable preferred shares (public float)
- (ix) The Company had approximately 4 beneficial shareholders
- (x) The Company had 4 shareholders of record.

***As of the period ending December 31, 2010:***

- (xi) There were 49,880,000,000 common shares authorized;
- (xii) There were 2,459,882,500 common shares issued and outstanding;
- (xiii) There were 429,282,500 freely tradable common shares (public float)
- (xiv) The Company had approximately 16 beneficial shareholders
- (xv) The Company had 16 shareholders of record.
  
- (xvi) There were 120,000,000 preferred shares authorized;
- (xvii) There was 12,000,001 preferred shares issued and outstanding;
- (xviii) There were 0 freely tradable preferred shares (public float)
- (xix) The Company had approximately 4 beneficial shareholders
- (xx) The Company had 4 shareholders of record.

**Item 3            Interim Financial Statements.**

Interim Financial Statements for the period ended March 31, 2011 have been attached to the end of this Quarterly Report and are ordered as follows:

Page #

- 10) Balance Sheet
- 11) Statement of Operations – Three Months
- 12) Statement of Cash Flows
- 13-14) Statement of Stockholder's Equity/Deficit
- 15-21) Notes to the Financial Statements

**Item 4 Management's discussion and analysis or plan of operation**

**A. Plan of Operation**

The Issuer is a development stage corporation with no revenues from its business operations. The Issuer's auditor has issued a going concern opinion regarding the ability of the Issuer to continue operations. This means that the auditor believes there is substantial doubt that the Issuer can continue as an on-going business for the next twelve months. While it has acquired a license relating to certain VOIP technology applications, there is still no assurance that the Issuer's intended operations will be profitable.

Current cash on hand is only sufficient to sustain operations for a very limited time. To meet its financing requirements, the Issuer anticipates raising funds through the sale of its equity. If the Issuer needs additional cash and cannot raise it, it will either have to delay or suspend operations until it does raise the cash, or cease operations entirely.

The Issuer's plan of operation for the twelve months following the date of this Disclosure Statement is to expand its business operations by:

- executing additional reseller agreements pursuant to which third parties will market its products and services to end-users;
- assembling an integration team to aid and assist resellers;
- assembling a call center support team to answer reseller and end-user inquiries;
- conducting a marketing plan to secure additional resellers and customers; and
- pursuing research and development initiatives to complete certain products in the development stage and to generate proposals for potential new products.

In order to execute additional reseller agreements, the Issuer plans to have management travel extensively in order to introduce its products and services to telecommunications companies, cable companies, Internet service providers, VOIP service providers and marketing organizations throughout North America and Europe. The Issuer's C.E.O., Kevin Penstock, will be primarily responsible for initiating new contacts in North America, while Ioannis Karamitsos, Ph.D., the vice president of research and development, will initiate new contacts in Europe. The Issuer's goal is to execute and maintain a minimum of 17 new, active resellers within the next 12 months. It intends to commence this marketing effort immediately and anticipates that it will be ongoing throughout the next 12 month period.

The Issuer's management will also oversee the assembly of the integration and call center support teams. This will primarily involve hiring and training personnel to aid and assist resellers in their efforts to sell the Issuer's products to its customers and to answer any questions from either the resellers or their customers. The Issuer expects to hire 12 client and customer support personnel in the next 12 months. The timing of the expansion of these teams will depend on its ability to raise funding to cover labor and related overhead expense. The Issuer's marketing efforts will consist of a mix of new social and media viral marketing via the Internet sustained by channel marketing through its resellers.

In order to complete existing new product development, such as its Softphone suite, and Itokk social, a social VOIP for web communities, as well as to design new products, the Issuer intends to retain software developers. The Issuer's C.E.O., Kevin Penstock, and its vice-president of research and development, Ioannis Karamitsos, Ph.D., will oversee the training and management of these employees. The Issuer intends to expand its research

and development efforts by retaining five technical staff in Vancouver and another 30 developers in India, with an initial recruitment of five employees. The timing of the expansion of these teams will depend on the Issuer's ability to raise funding to cover labor and related overhead expense.

In order to achieve the preceding objectives, the Issuer anticipates incurring the following approximate costs:

Management wages:	\$915,000
Operations and overhead:	\$1,268,000
Research and development:	\$402,000
Marketing:	\$528,000
<b>Total:</b>	<b>\$3,113,000</b>

Of this amount, the Issuer expects that in order to achieve its objectives, it will require these funds on a per quarter basis approximately as follows:

Quarter 1:	\$256,000
Quarter 2:	\$630,000
Quarter 3:	\$1,013,000
Quarter 4:	\$1,214,000
<b>Total:</b>	<b>\$3,113,000</b>

As well, the Issuer anticipates spending an additional \$100,000 on administrative costs such as accounting and auditing fees, as well as legal fees.

Total expenditures over the next 12 months are therefore expected to be approximately \$3,213,000. The Issuer's ability to meet these objectives in the time frames indicated will be dependent on its ability to generate revenue from operations and to raise sufficient additional capital to expand operations. If it is unable to generate sufficient revenue or raise financing as required, the Issuer will delay its expansion of operations as necessary.

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

### Overall Performance

Itokk, Inc. (the "Company") holds an exclusive license that provides it with the right to use, sell, market, distribute and/or sublicense various products and services, including the Npoints Framework and click-to-talk and mobile VOIP applications under the trade names "itokk.com", "itokk.mobi" and "Itokk wireless".

Business operations were minimal during the period ending March 31, 2011 due to lack of funding. The Company has not generated any revenue through operations. Management is focusing its efforts on raising capital through the sale of its securities. Due to a cease trade order relating to the Company's failure to file financial statements on time with the British Columbia Securities Commission, these fund raising efforts are limited to other jurisdictions.

Once additional funding is raised, of which there is no guarantee, the Company intends to expand its business operations by:

- executing additional reseller agreements pursuant to which third parties will market our products and services to end-users;
- assembling an integration team to aid and assist resellers;
- assembling a call center support team to answer reseller and end-user inquiries;
- conducting a marketing plan to secure additional resellers and customers; and
- pursuing research and development initiatives to complete certain products in the development stage and to generate proposals for potential new products.

### Sources and Uses of Cash

At March 31, 2011, the Company's current assets consisted of \$16,284.06 in cash and \$2,400 in pre-paid expenses.

At the fiscal year ending June 30, 2010, the Company received approximately \$366,175 in connection with various private placement subscription agreements. On Sep 29, 2010 the Company received \$10,000 in connection with a private placement subscription agreement. The company received an additional \$49,025.58 in connection with additional private placement subscription agreements for the period ending March 31, 2011. This cash was used to pay legal fees, accounting, administration costs, license and consulting fees.

Accordingly, Itokk Inc. will have to raise additional funds in the next twelve months in order to cover anticipated administrative costs and costs relating to proceeding with business operations.

The Company currently does not have a specific plan of how it will obtain additional funding; however, it anticipates that it will be in the form of equity financing from the sale of its common and Series B preferred stock. Any private placement of common stock will result in substantial dilution to existing shareholders.

The Company has and will continue to seek to obtain short-term loans from its directors, although no future arrangements for additional loans have been made. The Company does not have any agreements with its directors concerning such loans.

### Events, Trends and Uncertainties

The development of the Company's business will depend upon its ability to attract resellers and customers for its voice-over-Internet protocol and related products and services. Its ability to generate revenue may be affected by events and trends such as general economic conditions, technological advances and competing products from existing and new companies in the same business.

### Summary of Quarterly Results

The following information is provided for each of the eight most recently completed fiscal quarters of the Company:

The following is selected financial information from the Company's eight most recently completed fiscal quarters:

	<b>3rd Qtr. Ended 03-31-11</b>	<b>2nd Qtr. Ended 12-31-10</b>	<b>1<sup>st</sup> Qtr. Ended 9-30-10</b>	<b>4<sup>th</sup> Qtr. Ended 6-30-10</b>	<b>3<sup>rd</sup> Qtr. Ended 3-31-10</b>	<b>2<sup>nd</sup> Qtr. Ended 12-31-09</b>	<b>1<sup>st</sup> Qtr. Ended 9-30-09</b>	<b>4<sup>th</sup> Qtr. Ended 6-30-09</b>
Total Revenues	.Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Operating Loss	(\$84,663)	(\$95,164)	(\$172,856)	(\$206,836)	(\$145,753)	(\$59,369)	(\$12,350)	(\$6,615)
Operating Loss Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Total Net Loss	(\$84,663)	(\$95,164)	(\$172,856)	(\$206,836)	(\$145,753)	(\$59,369)	(\$12,350)	(\$6,615)
Total Net Loss Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

The Company did not have any outstanding stock options, share purchase warrants or other rights to acquire its shares. Accordingly, the basic and undiluted loss per share figures above are the same.

## Results of Operations

The Company is still in its development stage and has no revenues to date. As the Company has had no regular income or business operations there can be no meaningful discussion and analysis of its financial performance during the fiscal year ended June 30, 2010 and period ending March 31, 2011 of the sort that would be possible with a company with a developed operating business or regular income.

The Company incurred operating expenses of \$84,663 and \$145,753 for the three month period ended March 31, 2011 and March 31, 2010, respectively. The decrease is a result of reduced business development activities with the licensee Packetera Communications Inc. although the cost of for licensing fees over the period remains the same.

The \$84,663 in operating expenses for the three month period March 31, 2011 consisted of the following: consulting fees of \$35,000 license fees of \$30,000 and general, office and administrative fees of \$19,663.16 which consisted of \$13,500 in rent expense, \$1,500 in legal & accounting fees, \$4,500 in administrative expenses and \$163.16 in interest and bank charges.

## Liquidity and Capital Resources

The Company currently has no operating revenues. It relies primarily on equity financing to fund its business and administrative costs at this time.

As at March 31, 2011, the Company had cash on its balance sheet of \$16,284.06 and negative working capital of \$477,507.66. The Company received approximately \$376,175 in connection with various private placement subscription agreements for the period ending June 30, 2010. This covered expected business and administrative expenses for the period of five months from the period ending June 30, 2010 given that the Company has recently scaled down its administration costs. The company received another \$49,025.58 in additional private placement subscriptions which paid the license fees and some legal, accounting costs and administration costs associated with the quarterly operations.

Future development of the Company's current business plan will depend on its ability to obtain additional financing through the sale of its securities or from related party loans. There is no assurance that such financing or loans will be available when required by or under terms favourable to the Company.

The Company does not currently have a specific plan regarding how it will obtain future funding; however, management anticipates that additional funding will be in the form of equity financing from the sale of its shares. The Company may also seek short-term loans from its directors, although no such arrangement has been made.

### *Period ending March 31, 2011*

As of the date of this Management Discussion, the Company continues to not have or make any commitments for capital expenditures other than a license and systems services agreement with its licensee Packetera Communications Inc., As part of the agreement the company agrees to pay consulting, support and licensing fees and provide operational services to the Issuer at the discretion of the Issuer as and when the Issuer has sufficient funding to expand operations. The Company does not anticipate any change in its capital expenditure commitments in the near future.

### *Period ending December 31, 2010*

As of the date of this Management Discussion, the Company does not have any commitments for capital expenditures other than a license and systems services agreement with its licensee Packetera Communications Inc., whereby the Company has agreed to pay for consulting, support and licensing fees and provide operational services to the Issuer at the discretion of the Issuer as and when the Issuer has sufficient funding to expand operations. The Company does not anticipate any change in its capital expenditure commitments in the near future.

### *Fiscal Year ended June 30, 2009*

The Issuer did not earn any revenues from operations in the fiscal year ended June 30, 2009. It incurred operating expenses in the amount of \$13,856 during the fiscal year. These operating expenses were comprised entirely of general and administrative costs. \$12,350 for the Quarter ended September 30, 2009. Fiscal Year ended June 30, 2009 loss was \$80,387

### *Fiscal Year ended June 30, 2008*

The Issuer did not earn any revenues from operations in the fiscal year ended June 30, 2008. It incurred operating expenses in the amount of \$20,795 during the fiscal year. These operating expenses were comprised entirely of general and administrative costs. The Issuer has not attained profitable operations and is dependent upon obtaining financing to pursue further business development. For these reasons, there is substantial doubt that it will be able to continue as a going concern.

### *Sources and Uses of Cash*

In this Quarter January 1, 2011 to March 31, 2011 the company received approximately \$49,025.78 in connection with private placement Series B Preferred Stock. Current assets consisted of \$2,400 pre-paid expenses and cash of 16,284.06 for the Quarter ending March 31 2011. Cash received in the private placement is designated for payment of legal, accounting and administrative costs associated with furtherance of the business plan. \$26,050.26 was paid toward existing payables to reduce debt. During the last fiscal year ending June 30, 2010 the Issuer completed a successful private placement of its Series B preferred stock at a price of \$2.50 per share. It has received approximately \$376,500 in connection with various subscription agreements. These funds will cover approximately 10% of the Issuer's anticipated costs in the next 12 months

Accordingly, the Issuer will have to raise additional funds in the next twelve months in order to cover its anticipated administrative costs and costs of expanding its operations as outlined above. The Issuer currently does not have a specific plan of how it will obtain such funding; however, it anticipates that additional funding will be in the form of equity financing from the sale of its common stock. Any private placement of the Issuer's common stock will result in substantial dilution to existing shareholders.

### *Events, Trends and Uncertainties*

The development of the Issuer's business will depend upon its ability to attract resellers and customers for its VOIP and related products and services. Its ability to generate revenue may be affected by events and trends such as general economic conditions, technological advances and competing products from existing and new companies in the same business.

### *Fiscal Year Ended June 30, 2010*

The Issuer incurred operating expenses of \$424,308 and \$13,856 for the twelve month periods ended June 30, 2010 and 2009, respectively. The increase is a result of its increased business development activities and specifically the increase in general and administrative expenses, and the engagement of consultants and the cost of fees for licensing technology over the prior period. Quarter ended September 30, 2010 & 2009 \$172,856 & \$12,350

At June 30, 2010, the Issuer had total assets of \$2,427,179 consisting of cash of \$182,679. As at September 30, 2010, the issuer had total assets of \$2,255,840 consisting of \$12,240 cash, \$2,400 pre-paid expenses, and intangible assets of \$2,000,000 representing its license from Packetera Communications Inc, and its investment in the subsidiary of Horizon Trust of \$240,000. At June 30, 2010, it had total current liabilities of \$299,899 consisting of accounts payable and accrued liabilities of \$25,754, \$250,564 in loans payable and \$23,851 due to related parties.. At September 30, 2010 it had total current liabilities of \$291,416 consisting of payable and accrued liabilities of \$26,358, \$240,917 in loans payable and \$24,414 due to related parties.

During the twelve months ended June 30, 2010, the Issuer used cash of \$415,004 in operations. During the twelve months ended June 30, 2010, the Issuer received \$366,275 in cash from issuing shares & share subscriptions

During the three months ended September 30, 2010, the Issuer used cash of \$171,352 in operations. During the three months ended September 30, 2010, the Issuer received \$10,000 in cash from issuing shares subscriptions

At March 31<sup>st</sup>, 2011 amounts due to related parties are unsecured, do not bear interest and are not repayable at any fixed date they total \$11,192.58. Loans payable of \$168,778.50 bear interest at 10% per annum and is convertible into the Issuer's stock at market value. An additional \$68,909 does not bear any interest and is unsecured, and is not repayable at any fixed date.

At December 31<sup>st</sup>, 2010 amounts due to related parties are unsecured, do not bear interest and are not repayable at any fixed date they total \$24,141. Loans payable of \$172,008 and bear interest of 10% per annum and are convertible into the Issuer's stock at market value. Interest of \$11,160 has accrued on the amount. An additional \$68,909 does not bear any interest and is unsecured, and is not repayable at any fixed date.

### **C. Off-Balance Sheet Arrangements**

The Issuer does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

#### **Item 5 Legal Proceedings.**

The Company is not engaged in any legal proceedings, or threatened proceedings, at this time.

#### **Item 6 Defaults Upon Senior Securities.**

The Company has no defaults upon senior securities.

#### **Item 7 Other Information.**

The Issuer was originally incorporated pursuant to the laws of Nevada on September 19, 2003. On August 10, 2010 the Company applied for a Certificate of Domestication and filed Articles of Domestication in the office of the Secretary of State of Wyoming and on August 13, 2010 was delivered a Certificate of Domestication from the office of the Secretary of State of Wyoming.

#### **Item 8 Exhibits**

None

---

#### **Item 9 Issuer's Certifications**

I, Kevin Penstock, certify that:

1. I have reviewed this Quarterly Report for period ending March 31, 2011 of Itokk, Inc.
2. Based on my knowledge, this Annual Report statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this disclosure statement.
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

DATE: May 15, 2011

/s/ Kevin Penstock  
Kevin Penstock  
Chief Executive Officer



**Exhibit 1**  
**Financial Statements**

**ITOKK, INC.**  
(formerly Shadow Marketing Inc.)  
(a Development Stage Company)  
**Consolidated Financial Statements**  
**For the Quarter Ended March 31, 2011**  
**(Unaudited)**  
(Expressed in U.S. Dollars)

**ITOKK, INC.**  
**(formerly Shadow Marketing Inc.)**  
**(A Development Stage Company)**  
**Consolidated Balance Sheets**  
**(Expressed in US dollars)**

	Mar 31, 2011 (Unaudited) \$	Dec 31, 2010 (Unaudited) \$
<b>ASSETS</b>		
Current Assets		
Cash	16,284	527
Prepaid expenses	2,400	2,400
	18,684	2,927
License (Note 3)	2,000,000	2,000,000
Goodwill (Note 8)	241,200	241,200
<b>Total Assets</b>	<b>2,259,884</b>	<b>2,244,127</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities		
Accounts payable and accrued liabilities	15,438	17,649
Due to related parties (Note 5)	169,906	116,301
Loans payable (Note 4)	240,917	240,917
<b>Total Liabilities</b>	<b>426,261</b>	<b>374,867</b>
Commitments and Contingencies (Notes 1)		
Subsequent Events (Note 8)		
Stockholders' Equity (Deficit)		
Preferred Stock, Class A, 1,000,000 shares authorized, \$0.0001 par value 1 share issued and outstanding (2009 – no shares)	100	–
Preferred Stock, Class B, 59,000,000 shares authorized, \$0.0001 par value 12,000,000 shares issued and outstanding (2009 – no shares)	1,200	1,200
Preferred Stock, Class C, 40,000,000 shares authorized, \$0.0000001 par value No shares issued and outstanding	–	–
Preferred Stock, Class D, 20,000,000 shares authorized, \$0.0000001 par value No shares issued and outstanding	–	–
Common Stock, 49,880,000,000 shares authorized, \$0.0000001 par value 2,459,882,500 shares issued and outstanding (2009 – 63,282,500 shares)	299,883	246
Additional Paid-in Capital	1,964,617	2,264,354
Preferred Stock Subscribed	425,201	376,175
Deficit Accumulated During the Development Stage	(857,378)	(772,715)
<b>Total Stockholders' Equity (Deficit)</b>	<b>1,833,623</b>	<b>1,869,260</b>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>2,259,884</b>	<b>2,244,127</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**ITOKK, INC.**  
**(formerly Shadow Marketing Inc.)**  
**(A Development Stage Company)**  
**Consolidated Statements of Operations**  
**(Expressed in US dollars)**

	For the 3 Months Ended March 31, 2011 (Unaudited) \$	For the 3 Months Ended March 31, 2010 (Unaudited) \$	Accumulated from September 19, 2003 (Date of Inception) to Sept 30, 2010 \$
Revenue			
Advertising revenue	–	–	576
<b>Total Revenue</b>	<b>–</b>	<b>–</b>	<b>576</b>
Expenses			
Consulting fees	35,000	66,000	352,970
General, office and administrative	19,500	47,916	317,922
Interest expense	163	7,019	11,494
License fees	30,000	30,000	158,813
Magazine publication costs	–	-	16,755
<b>Total Expenses</b>	<b>84,663</b>	<b>150,935</b>	<b>857,954</b>
<b>Net Loss</b>	<b>(84,663)</b>	<b>(150,935)</b>	<b>(857,358)</b>
Net Loss Per Share – Basic and Diluted			
Basic and Diluted	(0.00)	(0.00)	
<b>Weighted Average Shares Outstanding</b>		<b>59,882,500</b>	

*The accompanying notes are an integral part of these consolidated financial statements*

**ITOKK, INC.**  
**(formerly Shadow Marketing Inc.)**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**  
**(Expressed in US dollars)**

	For the 3 Months Ended March 31, 2011 (Unaudited) \$	For the 3 Months Ended March 31, 2010 \$	Accumulated from September 19, 2003 (Date of Inception) to Sept 30, 2010 \$
<b>Operating Activities</b>			
Net loss for the period	(84,663)	(221,689)	(857,378)
Changes in operating assets and liabilities:			
Interest Expense			
Accounts payable and accrued liabilities	(2,405)	9,337	32,098
Prepaid expenses	-	-	(2,400)
<b>Net Cash Used in Operating Activities</b>	<b>(87,068)</b>	<b>(212,352)</b>	<b>(827,680)</b>
<b>Financing Activities</b>			
Due to related parties	53,800	19,087	152,819
Loans payable	-	194,828	240,917
Proceeds from the issuance of stock	-	-	24,500
Subscriptions received	49,025	-	425,201
<b>Net Cash Provided by Financing Activities</b>	<b>102,825</b>	<b>213,915</b>	<b>843,437</b>
Increase (Decrease) In Cash	15,757	1,563	15,757
Cash - Beginning of Period	527	122	527
<b>Cash – End of Period</b>	<b>16,284</b>	<b>1,685</b>	<b>16,284</b>
<b>Supplemental Disclosures</b>			
Interest paid	-	-	-
Income tax paid	-	-	-
<b>Non-cash Investing and Financing Activities:</b>			
Issuance of common stock for license	-	2,000,000	-

*The accompanying notes are an integral part of these consolidated financial statements*

**ITOKK, INC.**  
**(formerly Shadow Marketing Inc.)**  
**(A Development Stage Company)**  
**Consolidated Statement of Stockholders' Equity (Deficit)**  
**For the Period from September 19, 2003 (Date of Inception) to Sept 30, 2010**  
**(Unaudited)**  
**(Expressed in US dollars)**

	Preferred Stock (Series A) Shares #	Par Value \$	Preferred Stock (Series B) Shares #	Par Value \$	Common Stock Shares #	Par Value \$	Additional Paid-in Capital \$	Preferred Stock Subscribed \$	Deficit Accumulated During the Development Stage \$	Total \$
Balance – September 19, 2003 (Date of Inception)	–	–	–	–	–	–	–	–	–	–
Net loss for the period	–	–	–	–	–	–	–	–	(12)	(12)
Balance – June 30, 2004	–	–	–	–	–	–	–	–	(12)	(12)
Issuance of common stock for cash	–	–	–	–	51,000,000	5	5,995	–	–	6,000
Issuance of common stock for cash	–	–	–	–	11,900,000	1	13,999	–	–	14,000
Issuance of common stock for cash	–	–	–	–	382,500	–	4,500	–	–	4,500
Net loss for the year	–	–	–	–	–	–	–	–	(16,967)	(16,967)
Balance – June 30, 2005	–	–	–	–	63,282,500	6	24,494	–	(16,979)	7,521
Net loss for the year	–	–	–	–	–	–	–	–	(20,385)	(20,385)
Balance – June 30, 2006	–	–	–	–	63,282,500	6	24,494	–	(37,364)	(12,864)
Net loss for the year	–	–	–	–	–	–	–	–	(8,372)	(8,372)
Balance – June 30, 2007	–	–	–	–	63,282,500	6	24,494	–	(45,736)	(21,236)
Net loss for the year	–	–	–	–	–	–	–	–	(20,795)	(20,795)
Balance – June 30, 2008	–	–	–	–	63,282,500	6	24,494	–	(66,531)	(42,031)
Net loss for the year	–	–	–	–	–	–	–	–	(13,856)	(13,856)
Balance – June 30, 2009	–	–	–	–	63,282,500	6	24,494	–	(80,387)	(55,887)

*The accompanying notes are an integral part of these consolidated financial statements*

ITOKK, INC.  
(formerly Shadow Marketing Inc.)  
(A Development Stage Company)  
Consolidated Statement of Stockholders' Equity (Deficit)  
For the Period from September 19, 2003 (Date of Inception) to Sept 30, 2010  
(Unaudited)  
(Expressed in US dollars)

	Preferred Stock (Series A) Shares #	Par Value \$	Preferred Stock (Series B) Shares #	Par Value \$	Common Stock Shares #	Par Value \$	Additional Paid-in Capital \$	Preferred Subscriptions Subscribed \$	Deficit Accumulated During the Development Stage \$	Total \$
Balance – June 30, 2009	–	–	–	–	63,282,500	6	24,494	–	(80,387)	(55,887)
Cancellation of common stock	–	–	–	–	(34,000,000)	(3)	3	–	–	–
Issuance of common stock for license	–	–	–	–	30,600,000	3	1,999,997	–	–	2,000,000
Issuance of stock for cash	1	–	–	–	–	–	100	–	–	100
Acquisition of Horizon Trust	–	–	12,000,000	1,200	2,400,000,000	240	239,760	–	–	–241,200
Subscriptions received	–	–	–	–	–	–	–	376,175	–	366,175
Net loss for the year	–	–	–	–	–	–	–	–	(772,715)	(424,308)
Balance – Dec 31, 2010	1	–	11,320,001	1,132	15,404,919,765	246	2,264,354	376,175	(772,715)	1,869,260
Subscriptions received	--	--	--	--	--	--	--	49,025	--	49,025
Net loss for Quarter Jan - March 2011	--	--	--	--	--	--	--	--	(84,663)	(84,663)
Balance – March 31, 2011	1	--	11,320,001	1,132	15,404,919,765	246	2,264,354	425,201	(857,378)	(1,833,623)

*The accompanying notes are an integral part of these consolidated financial statements*

## 1. ORGANIZATION AND BUSINESS OPERATIONS

Shadow Marketing, Inc. (the "Company") was incorporated in the State of Nevada on September 19, 2003. On September 14, 2009, the Company changed its name to Itokk, Inc. The Company is a Development Stage Company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. During the year ended June 30, 2005, the Company started to publish "Up & Over", a magazine planned to contain articles focusing on the purchase, training, and care of sports horses. In the year ended June 30, 2006, the first issue was published and distributed to outlets without charge. Although the Company planned to publish three to four issues per year, it has not published and distributed a second issue due to a lack of working capital. On October 28, 2009 the Company acquired an exclusive worldwide 75 year license to use, sell, market, distribute and sublicense various telecommunication products.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as of March 31, 2011, the Company had a working capital deficiency of \$407,577. Further, since inception, the Company has had revenues of \$576 and has incurred a net loss of \$857,378. These factors raise substantial doubt as to the Company's ability to continue as a going concern. The Company plans to improve its financial condition by obtaining new financing. However, there is no assurance that the Company will be successful in accomplishing this objective. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

The Issuer was originally incorporated pursuant to the laws of Nevada on September 19, 2003. On August 10, 2010 the Company applied for a Certificate of Domestication and filed Articles of Domestication in the office of the Secretary of State of Wyoming and on August 13, 2010 was delivered a Certificate of Domestication from the office of the Secretary of State of Wyoming.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of Presentation

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States and are presented in US dollars, unless otherwise noted, and include the accounts of the Company and its wholly-owned subsidiaries, Itokk Communications, Inc. and Horizon Trust. All inter-company accounts and transactions have been eliminated. The Company's fiscal year end is June 30.

### b) Use of Estimates and Assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of going concern assessment and future tax rates. Financial results as determined by actual events could differ from those estimates.

### c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

### d) Financial Instruments and Fair Value Measurements

ASC 825, *Financial Instruments*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

#### Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

#### Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, amounts due to a related party, and loans payable. Pursuant to ASC 825, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

#### e) Long-Lived Assets

In accordance with ASC 360, *Property, Plant and Equipment*, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

#### f) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Based Compensation* and ASC 505-50, *Equity-Based Payments to Non-Employees*. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. To date, the company has not adopted a stock option plan and has not granted any stock options. The Company made Equity-Based payments to Non-employees. Purchase of License (Note 3) fair market value based on appraised value. Purchase of Subsidiary (Note 8) fair market value based on Level 2 prices, i.e. value of equity shares traded on less active market

#### g) Income Taxes

The Company has adopted ASC 740, *Income Taxes*, as of its inception. Pursuant to ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. Potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

## **h) Foreign Currency Translation**

The Company's functional and reporting currency is the United States dollar. Occasional transactions may occur in Canadian dollars and management has adopted ASC 830, *Foreign Currency Translation Matters*. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

## **i) Comprehensive Income**

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive income and its components in the financial statements. During the years ended June 30, 2010 and 2009, the Company had no items that represent comprehensive income.

## **j) Basic and Diluted Net Loss Per Share**

The Company computes net income (loss) per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

## **k) Recently Adopted Accounting Pronouncements**

In June 2009, the FASB issued guidance now codified as ASC 105, *Generally Accepted Accounting Principles* as the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP, aside from those issued by the SEC. ASC 105 does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all authoritative literature related to a particular topic in one place. The adoption of ASC 105 did not have a material impact on the Company's financial statements, but did eliminate all references to pre-codification standards

In January 2010, the FASB issued an amendment to ASC 820, *Fair Value Measurements and Disclosures*, to require reporting entities to separately disclose the amounts and business rationale for significant transfers in and out of Level 1 and Level 2 fair value measurements and separately present information regarding purchase, sale, issuance, and settlement of Level 3 fair value measures on a gross basis. This standard is effective for interim and annual reporting periods beginning after December 15, 2009 with the exception of disclosures regarding the purchase, sale, issuance, and settlement of Level 3 fair value measures which are effective for fiscal years beginning after December 15, 2010.

In February 2010, the FASB issued ASU No. 2010-09, *Subsequent Events (ASC Topic 855) Amendments to Certain Recognition and Disclosure Requirements*, which requires an entity that is an SEC filer to evaluate subsequent events through the date that the financial statements are issued and removes the requirement for an SEC filer to disclose a date, in both issued and revised financial statements, through which the filer had evaluated subsequent events. The adoption of this standard did not have an impact on the Company's financial statements.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Adoption of FASB AUS 2010-09 has resulted in changes to amounts allocated to "Par" and "Additional Paid in capital", due to changes in par and a reverse slip subsequent to the Year end June 30, 2010.

## l) Reclassifications

Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation.

## 3. LICENSE

	Cost \$	Accumulated Amortization \$	Impairment \$	Sept 30, 2010 Net Carrying Value \$	Sept 30, 2009 Net Carrying Value \$
License	2,000,000	–	–	2,000,000	–
	2,000,000	–	–	2,000,000	–

On October 28, 2009, the Company entered into a licensing agreement with Packetera Communications Inc. ("Packetera"), a private Canadian company, whereby the Company agreed to issue 30,600,000 common shares in exchange for Packetera granting to the Company an exclusive worldwide 75 year license to use, sell, market, distribute and sublicense various products and services owned by Packetera, including an application programming interface for voice-over-internet protocol ("VOIP"). In addition, the directors of the Company agreed to return a total of 34,000,000 shares of common stock to treasury and the Company agreed to incorporate a subsidiary, Itokk Communications, Inc., to hold the license and existing agreements of Packetera. The fair value of the license was determined to be \$2,000,000.

## 4. LOANS PAYABLE

- On March 2, 2010, the Company entered into a loan agreement with a lender to receive \$14,307 (CDN\$15,000). During the year ended June 30, 2010, the Company repaid \$10,969 (CDN\$11,500) to the lender. The loan bears interest at 10% per annum and is due on demand. If the Company issues a private placement memorandum and subscription agreement in the future, in which it offers the sale of its shares, the Company has the option to convert the principal amount of the loan to shares with a market value equal to the principal amount. If converted, no interest shall be due to the lender.
- On April 30, 2010, the Company received a loan of \$9,538 (CDN\$10,000). The amount is unsecured, non-interest bearing and has no fixed terms of repayment.
- During the year ended June 30, 2010, the Company entered into loan agreements with a lender to receive a total of \$168,779. The loans bear interest at 10% per annum and are due on demand. If the Company issues a private placement memorandum and subscription agreement in the future, in which it offers the sale of its shares, the Company has the option to convert the principal amount of the loans to shares with a market value equal to the principal amount. If converted, no interest shall be due to the lender. During the 3 months ended March 31, 2011, the Company recorded accrued interest of \$4,162 which is included in accounts payable and accrued liabilities. Total cumulative interest to date on the loan is \$15,868 recorded in the accrued payables.

## 5. DUE TO RELATED PARTIES

- At March 31, 2011 the Company is indebted to a former director of the Company in the amount of \$68,909 (2009 – \$63,819), which is included in loans payable. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.
- At March 31 2011, the Company is indebted to the President of the Company in the amount of \$11,193. For expenses incurred on behalf of the entity. This amount is unsecured, non-interest bearing and has no fixed terms of repayment.
- At March 31, 2011 the Company is indebted to a company (Packetera) controlled by the President of the Company in the amount of \$145,283. This amount is unsecured, non-interest bearing and has no fixed terms of

repayment. During the 3 months ended March 31, 2011 the Company paid or accrued a total of \$84,500 (2009 - \$Nil) in rent, administration, consulting, telecommunications, license fees and travel to this company. During the 3 months ended March 31, 2001 the company paid \$30,700 in cash to Packetera towards these costs reducing the payable amount.

## 6. CAPITAL STOCK

- a) On October 5, 2009, the Company authorized 1,000,000 shares of preferred stock with a par value of \$0.001 per share.
- b) On October 28, 2009, the Company completed an 8.5 to 1 forward-split of its common stock for shareholders of record on that date. The forward-split has been retroactively restated.
- c) On October 28, 2009, the Company issued 30,600,000 post-split shares of common stock pursuant to a licensing agreement valued at \$2,000,000 (Note 3).
- d) On October 28, 2009, two officers of the Company each returned for cancellation 17,000,000 post-split shares of common stock for no consideration.
- e) On May 6, 2010, the Company increased the authorized share capital of the Company from 1,000,000 shares of preferred stock with a par value of 0.001 per share to 100,000,000 shares of preferred stock with a par value of 0.0001 per share. The Company also increased the authorized share capital of the Company from 200,000,000 shares of common stock with a par value of 0.001 per share to 2,900,000,000 shares of common stock with a par value of 0.0001 per share. The preferred stock is allocated to the following classes:
  - 1,000,000 shares of Series A preferred stock. If at least one Series A preferred stock is issued and outstanding, then the total aggregate issued shares of Series A preferred stock at any given time, regardless of their number, shall be convertible into the number of shares of common stock which equals four times the sum of: i) the total number of shares of common stock which are issued and outstanding at the time of conversion, plus ii) the total number of shares of Series B and Series C preferred stocks which are issued and outstanding at the time of conversion. If at least one share of Series A preferred stock are issued and outstanding, then the total aggregate issued shares of Series A preferred stock at any given time, regardless of their number, shall have voting rights equal to four times the sum of: i) the total number of shares of common stock which are issued and outstanding at the time of voting, plus ii) the total number of shares of Series B and Series C preferred stocks which are issued and outstanding at the time of voting;
  - 59,000,000 shares of Series B preferred stock. The holders of Series B preferred stock shall be entitled to receive dividends when, as and if declared by the board of directors in its sole discretion. Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B preferred stock, the holders of the Series B preferred stock shall be entitled to be paid out of the assets of the Company an amount equal to \$1.00 per share or, in the event of an aggregate subscription by a single subscriber for Series B preferred stock in excess of \$100,000, \$0.997 per share, plus all declared but unpaid dividends. Each share of Series B preferred stock is convertible into 25,000 shares of common stock. Each Series B preferred stock is entitled to ten votes.
  - 40,000,000 shares of Series C preferred stock. The holders of Series C preferred stock shall be entitled to receive dividends when, as and if declared by the board of directors in its sole discretion. Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series C preferred stock, the holders of the Series C preferred stock shall be entitled to be paid out of the assets of the Company an amount equal to \$1.00 per share or, in the event of an aggregate subscription by a single subscriber for Series C preferred stock in excess of \$100,000, \$0.997 per share, plus all declared but unpaid dividends. Each share of Series C preferred stock is convertible into 500 shares of common stock. Each series C preferred share is entitled to one vote.
- f) On May 10, 2010, 1 share of Series A preferred stock was issued to a director of the Company for cash proceeds of \$100.
- g) On May 12, 2010, the Company purchased the 1,200,000 outstanding shares of Horizon Trust in exchange for 2,400,000,000 post-split shares of common stock and 12,000,000 shares of Series B preferred stock.
- h) Between May 28, 2010 and June 25, 2010, the Company received subscriptions of \$366,175 for 146,492 shares of Series B preferred stock. As at Sep 30, 2010, the shares have not yet been issued.
- i) On September 8, 2010, the Company increased the authorized share capital from 2,900,000,000 shares of common stock with a par value of 0.0001 per share to 49,880,000,000 shares of common stock with a par value

of 0.0000001 per share. The Company also increased the authorized share capital from 100,000,000 shares of preferred stock with a par value of 0.0001 per share to 120,000,000 shares of preferred stock, consisting of 1,000,000 Series A preferred stock with a par value of \$0.0001 per share, 59,000,000 Series B preferred stock with a par value of 0.0001 per share, 40,000,000 Series C preferred stock with a par value of \$0.0000001 per share, and 20,000,000 Series D preferred stock with a par value of \$0.0000001 per share. The preferred D stock is allocated to the following classes:

- 20,000,000 shares of Series D preferred stock. The holders of Series D preferred stock shall be entitled to receive dividends when, as and if declared by the board of directors in its sole discretion. Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series D preferred stock, the holders of the Series D preferred stock shall be entitled to be paid out of the assets of the Company an amount equal to \$1.00 per share or, in the event of an aggregate subscription by a single subscriber for Series D preferred stock in excess of \$100,000, \$0.997 per share, plus all declared but unpaid dividends. Each share of Series C preferred stock is convertible into 25,000,000 shares of common stock. Each Series D preferred stock is entitled to ten votes.
- j) On Sep 29, 2010, the Company received subscriptions of \$10,000 for 4000 shares of Series B preferred stock..
- k) On October 6, 2010 the Secretary of the State of Wyoming approved the Companies amendment to its articles to consolidate its common stock of the corporation on the basis that five hundred (500) of such common stock shares shall become one (1) share.
- l) On November 12, 2011, FINRA corporate actions approved the Company's corporate action for a 1-500 Reverse Stock Split (1 new share for every 500 held by shareholders). Pre split TSO = 2,459,882,500, Post split TSO = 4,919,765. Transfer Agent responsible to process CA: Island Stock Transfer. An effective date of November 12, 2010
- m) On November 15, 2011 a director of the company issued a notice of conversion of preferred stock to irrevocably exercise the option to convert 600,000 shares of Preferred Class, Series B stock (out of the total of 10,000,000 shares owned), in accordance with the terms referred to in the corporation's Articles, Bylaws and Certificate of Designations. 15,000,000,000 fully-paid and non-assessable shares of Common Stock, par value \$0.0000001, of iTOKK, Inc. with restrictive legend was distributed on November 15, 2010, to Kevin Penstock, CEO and director.
- n) From Jan 13, 2011 to March 28, 2011, the Company received subscriptions of \$49,025 for 19,610 shares of Series B preferred stock.
- o) On May 13, 2011 the Secretary of the State of Wyoming approved the Companies amendment to its articles to consolidate its common stock of the corporation on the basis that three hundred (300) of such common stock shares shall become one (1) share

## 7. INCOME TAXES

The provision for (benefit from) income taxes differs from the amount computed by applying the statutory United States federal income tax rate of 35% to income (loss) before income taxes. The sources of the difference follow:

	3 Months Ended Sept 30, 2010 \$	3 Months Ended Sept 30, 2009 \$
Income tax recovery	(60,500)	(4,322)
Valuation allowance change	60,500	4,322
Provision for income taxes	—	—

The significant components of deferred income tax assets and liabilities as at Sept 30, 2010 and 2009, after applying enacted corporate income tax rates, are as follows:

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset of \$205,129 at June 30, 2010 attributable to the future utilization of the net operating loss carry-forwards of March 31, 2011 of (\$857,378) will be realized. Accordingly, the Company has provided a 100% allowance against the deferred tax asset in the financial statements. The Company will continue to review this valuation allowance and make adjustments as appropriate. The \$677,551 net operating loss carry-forward expires \$12 in year 2024, \$16,967 in year 2025, \$20,385 in year 2026, \$8,372 in year 2027, \$20,795 in year 2028, \$13,856 in year 2029, \$424,308 in year 2030, and \$172,856 in 2031.

Current United States income tax laws limit the amount of loss available to offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

#### **8. Goodwill**

Goodwill represents purchase price assigned to purchase of Horizon Trust in excess of its identifiable net assets (see Note 2.f.)

#### **9. SUBSEQUENT EVENT**

On February 11, 2011 the Company announced the appointment of Mr. Rick Hewson CMA as its Chief Financial Officer

On May 13, 2011 the Secretary of the State of Wyoming approved the Companies amendment to its articles to consolidate its common stock of the corporation on the basis that three hundred (300) of such common stock shares shall become one (1) share. The Company has not yet applied to FINRA for confirmation or announcement.