

APPTECH, CORP.

INDEX

	<u>Page Number</u>
Unaudited Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011	2
Unaudited Consolidated Statements of Operations for the six months ended June 30, 2012 and 2011	3
Unaudited Consolidated Statements of Shareholders' Equity (Deficit) for the period ended June 30, 2012	4-5
Unaudited Consolidated Statements of Cash Flows for the three months ended June 30, 2012 and 2011	6
Notes to Unaudited Consolidated Financial Statements	7-11

APPTech CORP.
BALANCE SHEET

	June 30, 2012	December 31, 2011
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 2,127	\$ 886
Total current assets	<u>2,127</u>	<u>886</u>
NONCURRENT ASSETS		
Prepaid Costs/Investments	250,000	130,000
Total noncurrent assets	<u>250,000</u>	<u>130,000</u>
TOTAL ASSETS	<u>\$ 252,127</u>	<u>\$ 130,886</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 365,541	\$ 55,131
Total current liabilities and total liabilities	<u>365,541</u>	<u>55,131</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.0001 par value; 7,500,000 shares authorized		
Preferred stock Series A Convertible \$0.0001 par value;		
100,000 shares authorized, 3,102 shares issued and outstanding on		
on December 31, 2011 and December 31, 2010, respectively and		
no liquidation or redemption value.	31	31
Preferred stock Series B Convertible \$0.0001 par value;		
100,000 shares authorized, -0- shares issued and outstanding on December 31, 2011		
and December 31, 2010, respectively, and no liquidation or redemption value	-	-
Preferred stock Series C Convertible \$0.0001 par value;		
112,500 shares authorized, 107,250 and 112,500 issued and outstanding		
on December 31, 2011 and December 31, 2010, respectively	107	107
Common stock, par value \$0.0001; 16,000,000,000 shares		
authorized; 9,390,715,260 and 4,872,183,519 shares issued and outstanding		
on December 31, 2011 and December 31, 2010, respectively	939,073	939,073
Additional paid-in capital	1,367,095	1,367,095
Accumulated deficit	(2,419,720)	(2,230,551)
Total shareholders' equity (deficit)	<u>(113,414)</u>	<u>75,755</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	<u>\$ 252,127</u>	<u>\$ 130,886</u>

See accompanying Notes to Unaudited Consolidated Financial Statements.

APPTech CORP. **STATEMENT OF OPERATIONS**

	Six Months Ended June 30	
	2012	2011
REVENUE		
Sales revenue	\$ 13,012	\$708,967
COST OF SERVICES	(480)	676,636
GROSS PROFIT	13,492	32,331
OPERATING EXPENSES		
Salaries and benefits	-	65,446
Professional fees	39,426	80,136
Other general and administrative expenses	33,770	125,836
Total operating expenses	73,196	271,418
LOSS FROM OPERATIONS	(59,704)	(239,087)
OTHER (INCOME) EXPENSE		
Interest expense	346	13,835
Interest and other income	-	-
Total other (income) expense	346	13,835
LOSS FROM CONTINUING OPERATIONS	(60,050)	(252,922)
Impairment	(130,000)	-
Loss	(130,000)	-
NET LOSS	\$ (190,050)	\$ (252,922)
Basic and diluted earnings per share:		
Net loss per share from continuing operations - basic and diluted	\$ (0.00)	\$ (0.00)
Net loss per share from discontinued operations - basic and diluted	(0.00)	(0.00)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)
Weighted shares outstanding:		
Basic and diluted	9,390,715,260	5,515,311,639

See accompanying Notes to Unaudited Consolidated Financial Statements.

APPTech CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
June 30, 2012

	<u>Series A</u>		<u>Series B Preferred</u>		<u>Series C Preferred</u>		<u>Common Stock</u>		<u>Additional</u>		
	<u>Preferred</u>								<u>Paid-in</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2009	3,102	\$ 31	85,431	\$ 86	-	\$ -	52,561,303	\$ 52,553	\$ 881,644	\$ 2,978,840	\$ 9,923,387
Issuance of common stock:											
Change in par value to \$0.0001	-	-	-	-	-	-	-	(70,249)	70,249	-	-
Sale of common stock	-	-	-	-	-	-	899,675,323	89,968	128,604	-	218,572
For services	-	-	-	-	-	-	8,499,425	8,499	190,000	-	198,499
Conversion of preferred	-	-	(17,439)	(18)	-	-	17,003,025	17,003	67,014	-	83,999
Purchase of Innovative Assets	-	-	-	-	-	-	2,000,000,000	200,000	200,000	-	400,000
Issuance of preferred stock	-	-	-	-	112,500	112	-	-	112,387	-	112,499
Exchange of preferred stock	-	-	-	-	-	-	-	-	-	-	-
for common stock	-	-	(67,992)	(68)	-	-	600,000,000	60,000	(59,932)	-	-
Exchange of subsidiary	-	-	-	-	-	-	-	-	-	-	-
preferred stock for common	-	-	-	-	-	-	-	-	-	-	-
stock	-	-	-	-	-	-	600,000,000	60,000	(60,000)	-	-
Recision of purchase of	-	-	-	-	-	-	-	-	-	-	-
Innovative Assets	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)
Issuance of common stock:	-	-	-	-	-	-	-	-	-	-	-
Sale of common stock	-	-	-	-	-	-	277,777,777	27,777	(4,477)	-	23,300
Sale of common stock	-	-	-	-	-	-	416,666,666	41,666	(18,354)	-	23,312
Net loss	-	-	-	-	-	-	-	-	-	(4,621,048)	(4,621,048)
Balance, December 31, 2010	3,102	31	-	-	112,500	112	4,872,183,519	487,217	1,107,135	(1,642,208)	5,962,520
Issuance of common stock:											
Sale of common stock	-	-	-	-	-	-	4,223,809,522	422,381	(2,380)	-	420,001
Shares for future services rendered	-	-	-	-	-	-	50,000,000	5,000	15,000	-	20,000
Retirement of shares previously	-	-	-	-	-	-	-	-	-	-	-
issued for purchase of Innovative	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	(1,800,000,000)	(180,000)	180,000	-	-
Shares issued for purchase of	-	-	-	-	-	-	-	-	-	-	-
Oronoco Telecom	-	-	-	-	-	-	250,000,000	25,000	75,000	-	100,000
Discount on convertible notes payabl	-	-	-	-	-	-	-	-	40,000	-	40,000
Shares issued for proceeds	-	-	-	-	-	-	-	-	-	-	-
received in a prior period	-	-	-	-	-	-	33,333,330	3,335	-	-	3,335
Commissions paid upon issuance	-	-	-	-	-	-	-	-	-	-	-
of common stock	-	-	-	-	-	-	-	-	(8,775)	-	(8,775)
Conversion of Note Payable	-	-	-	-	-	-	589,661,389	136,140	(18,890)	-	117,250
Conversion of Series C	-	-	-	-	-	-	-	-	-	-	-
Preferred stock	-	-	-	-	(5,310)	(5)	400,000,000	40,000	(19,995)	-	20,000
Net loss	-	-	-	-	-	-	-	-	-	(588,343)	(588,343)
Balance, December 31, 2011	3,102	31	-	-	107,190	107	8,618,987,760	939,073	1,367,095	(2,229,670)	6,085,988
Net Loss	-	-	-	-	-	-	-	-	-	(190,050)	(190,050)
Balance June 30, 2012	3,102	\$ 31	-	-	107,190	\$ 107	8,618,987,760	\$ 939,073	\$ 1,367,095	\$ (2,419,720)	\$ (2,419,720)

APPTECH CORP
STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(\$190,050)	(\$252,922)
Adjustment to reconcile net income to net cash used in operating activities:		
Stock-based compensation	-	
Non cash deductions	-	-
Increase in Prepaid Expenses	(250,000)	-
Stock issued for services	-	
Loss on disposition of subsidiaries and investment	130,000	
(Increase) decrease in assets:		
Prepaid and other	-	
Increase (decrease) in liabilities:		
Accounts payable and due to former affiliate	311,291	119,789
Accrued liabilities	-	-
Net cash used in operating activities	1,241	(133,133)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Super Star Learning	-	(130,000)
Net cash used in investing activities	-	(230,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	-	336,225
Proceeds from issuance of debentures	-	40,000
Net cash provided by financing activities	-	376,225
NET CHANGE IN CASH	1,241	13,092
CASH, BEGINNING OF PERIOD	886	15,177
CASH, END OF PERIOD	\$ 2,127	\$ 28,269
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 346	\$ 1,984
Taxes paid	\$ -	\$ -

See accompanying Notes to Unaudited Consolidated Financial Statements.

AppTech Corp. and Subsidiaries
Notes to Financial Statements

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

AppTech Corp., formerly known as Natural Nutrition, Inc., was incorporated in Florida on July 2, 1998. On August 25, 2005, the Company completed the closing of that certain Share Exchange Agreement, by and between the Company, CSI Business Finance, Inc., a Texas corporation and now wholly-owned subsidiary of the Company herein referred to as ("CSI-BF") and the shareholder of CSI-BF (the "CSI-BF Shareholder"). In September of 2006, CSI Business Finance, Inc. changed its name to Natural Nutrition, Inc. and simultaneously re-domiciled from Florida to Nevada. The Company re-domiciled to Wyoming on July 27, 2011 and simultaneously increased its authorized common shares to 16 billion.

AppTech Corp is in the business of developing, marketing and distributing mobile phone applications, often referred to as "apps".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated useful lives of property and equipment. Actual results could differ from those estimates.

Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2012.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis.

Equipment

Equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful life of three (3) or seven (7) years. Upon sale or retirement of equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Impairment of long-lived assets

The Company follows paragraph 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which includes computer equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company determined that there was an impairment of long-lived assets as of March 31, 2012 related to its investment in Super Star Learning, Inc. an internet based educational provider for the full amount of \$130,000.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Revenue recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Income taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”) with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Net income (loss) per common share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented.

There were no potentially dilutive shares outstanding as of June 30, 2012.

Cash flows reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method (“Indirect method”) as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

Advertising Costs

The Company expenses the cost of advertising and promotional materials when incurred. Total Advertising costs were zero for both periods presented.

Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

Recently issued accounting pronouncements

The following accounting standards were issued as of December 26, 2011:

ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements.

This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB ASC Topic 820, originally issued as FASB Statement No. 157, *Fair Value Measurements*. The ASU requires certain new disclosures and clarifies two existing disclosure requirements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

ASU 2011-04, Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs

This ASU supersedes most of the guidance in Topic 820, although many of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. In addition, certain amendments in ASU 2011-04 change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The amendments in ASU 2011-04 are effective for public entities for interim and annual periods beginning after December 15, 2011.

NOTE 3 – GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of \$2,419,720 at June 30, 2012 and had a net loss of \$190,050 for the six months ended June 30, 2012.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – EQUIPMENT

Equipment, stated at cost, less accumulated depreciation at June 30, 2012 and December 31, 2011 consisted of the following:

	<u>Jun 30 2012</u>	<u>December 31, 2011</u>
Equipment	\$2,272	\$ 2,272
Less accumulated depreciation	(2,272)	(2,272)
	<u>\$0</u>	<u>\$ 0</u>

Depreciation expense

Depreciation expense for the three months ended June 30, 2012 was zero.

NOTE 5 – COMMITMENTS & CONTIGENCIES

Consulting Agreement

The Company has entered into an agreement with a company to provide consulting services for \$5,000 per month on a month to month basis.

NOTE 6 – RELATED PARTY TRANSACTIONS

Free office space from its majority stockholder and Chief Executive Officer

The Company has been provided office space by its majority stockholder and Chief Executive Officer at no cost. The management determined that such cost is nominal and did not recognize the rent expense in its financial statements.

NOTE 7 – STOCKHOLDERS' DEFICIT

The Company is authorized to issue 16.0 billion shares of common stock. As of June 30, 2012 9,390,715,260 shares of common stock were outstanding. The Company is also authorized to issue 112,500 shares of Series C Preferred Stock, 107,250 of which are issued and outstanding to one individual. The Series C Preferred Stock may be converted into the Company's common stock at any given time to a number of shares equal to the number of Series C shares outstanding multiplied by the product of \$1 divided by the lowest bid during the prior 10 days of conversion multiplied by 15. As of June 30, 2012, the Series C shares could have been converted into approximately 8.044 billion shares of the Company's common stock which would not be possible as it would exceed the total authorized shares.

NOTE 8 – INCOME TAX

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Deferred Tax Assets – Non-current:		
NOL Carryover	\$ 2,230,551	\$1,642,207
Less valuation allowance	(2,230,551)	(1,642,207)
Deferred tax assets, net of valuation allowance	\$ -	\$ -

At December 31, 2011, the Company had net operating loss carryforwards of approximately \$2,230,551 that may be offset against future taxable income from the year 2012 to 2032. No tax benefit has been reported in the December 31, 2011 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal Income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be

limited as to use in future years.

NOTE 9- LICENSING AGREEMENT

The Company has recognized a prepaid expense of \$250,000 with a corresponding account payable for the same amount related to a signed licensee agreement dated March 20, 2012. The amount is payable in two installments over the next 12 months. The licensing agreement permits the Company to exhibit, commercialize, make available for download stream or otherwise distribute approved content from a sport medium in Latin America.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that no material subsequent events exist.