INFRAX SYSTEMS, INC.

Annual Report

(UNAUDITED)

For the Year Ended

June 30, 2017

For the fiscal year ended June 30, 2017

Commission File No.000-52488

Infrax Systems, Inc.

(Exact name of Registrant as specified in its charter)

Nevada	**20-2583185**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10901 Roosevelt Blvd, Suite 1000c, St. Petersburg, FL	**33704**
(Address of principal executive offices)	(Zip Code)

(Former name, former address, if changed since last report)

Tel: (727) 498-8514
(Issuer's telephone number)

INFRAX SYSTEMS, INC
Annual Report on Form 10-K
For the Fiscal Year Ended June 30, 2017

INDEX

Forward-Looking Statements

The following discussion should be read in conjunction with the financial statements and related notes contained elsewhere in this annual report on Form 10-K. We make forward-looking statements in this report, in other materials we file with the Securities and Exchange Commission (the "SEC") or that we otherwise release to the public, and on our website. In addition, our senior management might make forward-looking statements orally to analysts, investors, the media, and others. These statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended. Statements concerning our future operations, prospects, strategies, financial condition, future economic performance (including growth and earnings) and demand for our products and services, and other statements of our plans, beliefs, or expectations, including the statements contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our future plans, strategies and expectations are forward-looking statements. In some cases these statements are identifiable through the use of words such as "anticipate," "believe," "estimate," "predict," "expect," "intend," "plan," "project," "target," "continue," "can," "could," "may," "should," "will," "would," and similar expressions. You are cautioned not to place undue reliance on these forward-looking statements because these forward-looking statements we make are not guarantees of future performance and are subject to various assumptions, risks, and other factors that could cause actual results to differ materially from those suggested by these forward-looking statements. Thus, our ability to predict results or the actual effect of our future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to, our ability to secure additional financing and/or defer expenditures; our ability to retain and attract customers; our expectations regarding our expenses and revenue; strategic alternatives that may become available to us; expectations regarding our ability to reduce operating expenses as a result of streamlining operations anticipated trends and challenges in our business and the markets in which we operate, including the market for smart grid technologies; our expectations regarding competition as more and larger companies enter our markets and as existing competitors improve or expand their product offerings; our plans for future products and enhancements of existing products; our anticipated cash needs and our estimates regarding our capital requirements. These risks and uncertainties, together with the other risks described from time to time in reports and documents that we file with the SEC, should be considered in evaluating forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. Indeed, it is likely that some of our assumptions will prove to be incorrect. Our actual results and financial position will vary from those projected or implied in the forward-looking statements and the variances may be material. Moreover, we do not assume the responsibility for the accuracy and completeness of these forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Item 1. Business

Background information

OUR HISTORY

"We", "us", "our", "Opticon" and *"Infrax"* refer to Infrax Systems, Inc. (formally known as OptiCon Systems, Inc.), a Nevada corporation. We were incorporated in Nevada on October 22, 2004. On January 10, 2010, we officially changed the name of the Company from OptiCon Systems, Inc. to Infrax Systems, Inc. to reflect the change in the Company's direction and were issued a new trading symbol as "IFXY".

The address of our executive offices is 3637 4th Street North, Suite 330, St. Petersburg, FL 33704 and our telephone number at that address is 727-498-8514. The address of our web site is www.infraxinc.com. The information at our web site is for general information and marketing purposes and is not part of this annual report for purposes of liability for disclosures under the federal securities laws.

- On January 10, 2010, we officially changed the name of the Company from OptiCon Systems, Inc. to Infrax Systems, Inc. and were issued a new trading symbol: "IFXY".
- On June 29, 2010, the Company acquired the assets and management of Trimax Wireless Systems, Inc. ("Trimax"), in exchange for equity and a note payable. The Trimax product line is expected to provide an operating platform and enhanced operating effectiveness to the Secure Intelligent Energy Platform.
- On May 8, 2011 we acquired a 70% controlling interest in Lockwood Technology Corporation, to supply RFID and asset tracking, among other technology value to our product lines.
- On June 30, 2017 the Company sold its 70% controlling interest in Lockwood Technology Corporation to Sam Talari, the Company's Chairman in exchange for approximately $735,000 of accrued compensation and related party debt payable to Mr. Talari.

OUR BUSINESS

While we continue to enhance the OptiCon Network Management platform, the Company has shifted its focus and energies towards the "Smart Grid" energy sector. The Company believes our secure integrated platform will hasten the deployment of all Smart Grid technology for resource constrained small and mid-sized utilities. Infrax's advantage comes from our products ability to enable the creation of a secure platform scalable to deliver a broad set of intelligent Smart Grid initiatives across millions of endpoints for Utilities.

INFRAX market opportunity exists in one of the largest industries in the world. Globally, according to the International Energy Agency (IEA), this industry is expected to spend close to $10 trillion dollars by 2030 to upgrade electrical infrastructure. Technology innovations in power delivery have been fermenting for years, but only now is the confluence of physical need and social expectations creating an environment in which real and sustained monetary commitments are being made to create a "Smart Grid" built on information-based devices, digital communication and advanced analytics. Networking giant Cisco has estimated that the market for smart grid communications will grow into a $20 billion-a-year opportunity as the infrastructure is built out over the next five years. Researchers at Specialists in Business Information (SBI) forecast the market will grow to $17 billion-per-year by 2014 from today's $6 billion. Globally, SBI expects the market for smart grid technologies to grow to about $171 by 2014 up from approximately $70 billion in 2009.

According to a report issued to Congress by the Office of Electricity Delivery and Energy Reliability, as required by Section 1309 of Title XIII of the Energy Independence and Security Act of 2007, the security of any future Smart Grid is dependent on successfully addressing the cyber security issues associated with the nation's current power grid.

The complexity of the grid implies that vulnerabilities exist that have not yet been identified. It is particularly difficult to estimate risk from cyber-attack because of the size, complexity, and dynamic nature of the power grid and the unpredictability of potential attackers.

Infrax creates a unified solution path to securely manage Advanced Metering Infrastructure (AMI) and other Smart Grid optimization applications such as substation and distribution automation. Our product portfolio provides Network Transport and Management, Secure Intelligent Devices, Threat Detection, and Grid Optimization, all integral components of a state-of-the-art Smart Grid solution.

Through our wireless broadband business unit, Infrax Networks, we provide outdoor mesh-relay based wireless broadband networks used by customers as the metro-scale IP foundation upon which to run one or many applications that help build greener, safer, smarter communities. Our products have been deployed globally to help connect the unconnected. In addition, our networks are used by electric utilities to build large scale, reliable, and secure networks that deliver the high bandwidth and low latency required for deploying smart grids.

Every utility, telecommunications carrier, wireless service provider, government and businesses with the need to securely transmit data and manage their network is a potential customer for the Infrax product line.

Infrax's innovative and comprehensive solutions have the power to secure the future.

Industry Background

In today's environment of increasing threat sophistication and regulatory pressures, managing risk has become a primary concern for Utility IT organizations. Today, a single breach can cost millions, be devastating to industrial, commercial and residential consumers, and create a threat to national security. Infrax's Secure Network Interface Card (SNIC), GridMesh and GRid Intrusion Management (GRIM) products provide a secure solution for complete grid, network and intelligent device management.

Like the internet does today, the utility network needs to able to connect millions of devices and still operate in a reliable and secure grid. Because of increased demand and growing environmental concerns, this grid also needs to become far more flexible than it is today, accommodating distributed power generation from renewable sources and use several energy efficiency techniques. The vision of tomorrow's utility grid involves a number of technologies that need to be put in place to make the power grid smarter, with more automation within the network and tools to give end users better information and control. The overall change that the utility needs to make is to go from a centralized generation and distribution model to one that is more distributed and diverse.

Today's electric system was not designed to handle extensive, well-organized acts of terrorism aimed at strategic elements. The threat of attack is growing and a widespread attack against the infrastructure is more likely today than ever before. It is therefore critical that the Smart Grid address security from the outset, making it a requirement for all the elements of the grid and ensuring an integrated and balanced approach across the system.

Ongoing Mandates

Title XIII of the Energy Independence and Security Act of 2007, mandates that the Department of Energy provides a quantitative assessment and determination of the existing and potential impacts of the deployment of Smart Grid systems on improving the security of the Nation's electricity infrastructure and operating capability, including recommendations on:

(1) How smart grid systems can help in making the Nation's electricity system less vulnerable to disruptions due to intentional acts against the system.

(2) How smart grid systems can help in restoring the integrity of the Nation's electricity system subsequent to disruptions.

(3) How smart grid systems can facilitate nationwide, interoperable emergency communications and control of the Nation's electricity system during times of localized, regional, or nationwide emergency.

(4) What risks must be taken into account that smart grid systems may, if not carefully created and managed, create vulnerability to security threats of any sort, and how such risks may be mitigated.

The National Institute for Standards and Technology (NIST) stated, "Identifying and implementing security controls is vital in protecting the confidentiality, integrity, and availability of the connected systems and the data that is transferred between the systems. If security controls are not in place or if they are configured improperly, the process of establishing the interconnection could expose the information systems to unauthorized access."

Our SNIC and GRid Intrusion Management (GRIM) systems provide an enhanced Cyber Security platform which prevents unwarranted intrusion into any part of the electrical grid. Using advanced encryption algorithms, a secure virtual network can be created over a private or public network. Infrax's GRIM technologies will evolve to include software and hardened hardware solutions for substation deployment.

The energy industry's assets and systems are not equipped to handle well designed acts of cyber terrorism. With the growing threat of internet attacks, it is critical that robust security is introduced for all the elements of the grid. The deployment of a Smart Grid that reaches from the producer to the consumer, will ultimately add over 150,000,000 communications capable meters in the U.S. alone, creating over 150,000,000 unsecure access points into the grid that previously did not exist. The lack of secure AMI solutions is a major concern of utilities and regulators alike, and Infrax can fill the void.

The market for Infrax's SNIC and GRIM solutions includes over 3,400 electric utilities in the United States, several thousand more globally, large consumers of commercial power, as well as power producers and utilities providing water and gas.

According to the research-based business strategy firm Zpryme, Smart Grid IT hardware and software spending in the U.S. was $39.4 billion by 2014.

Our Technology and Solution

The foundation of our technology is a standards-based and secure network. Our network is composed of our hardware such as collectors and repeaters (where required), our network operating system, and our Electric Power Grid Mesh software suite, which together provide electric power utilities the ability to communicate with and control devices connected to the electric power grid. We plan to offer a suite of solutions that run on top of our network, including advanced metering, distribution automation, and demand-side management. These solutions include additional hardware, such as our collectors and concentrators, and applications from our asset tracking and management and networking software. Our solutions combine with devices from the large number of third parties with whom we collaborate to form end-to-end smart electric power grid offerings built on our network. In addition, we offer a wide range of services that enable our utility customers to deploy, operate and maintain our networking platform and solutions. These service offerings include professional services to implement our products, managed services and software to assist electric power utilities with managing the network and solutions, and ongoing customer support.

Key Features and Benefits of Our Networking Platform

We believe that utilities require a robust networking platform that allows them to transform the power grid infrastructure into the smart grid, thereby generating significant benefits to utilities, consumers and the environment. We believe that the only way to effectively enable the smart grid is through the implementation of a robust networking platform that meets stringent requirements: We have designed and built our networking platform from the ground up for the sole purpose of enabling electric power utilities to transform the electric power grid infrastructure into the smart electric power grid. We believe our utility customers benefit in the following ways:

Standards-Based. We believe the most successful networks have been those based on open standards. With an open, standards-based networking platform, utilities can choose from a diverse set of products from a variety of vendors. Our networking platform

is based on standards, which enable electric power utilities to deploy standards-based networking throughout their infrastructure and allows for interoperability with other standards-based devices. As a result, we believe electric power utilities can readily extend our networking platform to support a broad set of end-to-end smart electric power grid offerings in a cost-effective and timely manner. We utilize web services and open software standards and interfaces to enable integration with third-party software and devices. We believe this open and flexible architecture enables multi-vendor interoperability and facilitates integration with devices and software from other vendors. As a result, we believe utilities can readily extend our networking platform to support a broad set of end-to-end smart grid offerings in a cost-effective and timely manner.

High-Performance. We believe a networking platform must deliver high performance by maximizing throughput and minimizing latency. To accommodate an increasing number of solutions, such as distribution automation and demand-side management, the networking platform must be able to easily and economically support these solutions without negatively impacting performance. Our networking platform delivers high-bandwidth, low-latency performance and traffic prioritization, which allows electric power utilities to run multiple solutions, including those that require high-throughput communications, such as distribution automation, while maintaining robust operating performance and meeting the stringent requirements of multiple time-sensitive solutions for the smart grid. Our network hardware devices incorporate powerful two-way multi-channel radios, sophisticated routing techniques and high-speed node-to-node communications. Our platform is specifically designed to have ample bandwidth, which allows utilities to run multiple solutions including those that require high-throughput communications, such as distribution automation, while maintaining robust operating performance.

Scalable. We believe a networking platform must be easily and quickly scalable to accommodate an ever-increasing number of devices generating and transmitting ever-increasing amounts of data. Large utilities have millions of consumers, and the networking platform must be capable of supporting all of them and the addition of many new devices in the future. Our networking platform can be deployed rapidly at scale to accommodate millions of devices on the electric power grid, allowing electric power utilities that deploy our networking platform to easily and cost-effectively expand beyond the scope of their initial deployments.

Extensible. We believe a networking platform requires upgradable software and hardware designed to allow utilities or developers to expand its capabilities. Extensibility reduces the need for additional future investments and mitigates the risk of technological obsolescence and stranded assets. Our communications modules are designed for over-the-air upgrades, enabling us, for example, to deliver software over the air, allowing us to augment the functionality of, and to deploy new solutions and applications to, previously deployed hardware. As a result, we believe our electric power utility customers can mitigate the risk of technology obsolescence.

Secure. The power grid is vulnerable to the risk of data loss, theft and malicious attacks, and a smart grid often provides a command-and-control function for the power grid. In addition, many of the power grid's components are located in easily accessible and unsecured, outdoor locations. As a result, a networking platform for the smart grid must integrate highly sophisticated and proven security technologies deployed across multiple layers. Our networking platform incorporates an end-to-end, multi-layer security architecture and uses proven technologies and associated security techniques to allow electric power utilities to operate large-scale networks while minimizing security risk. By encrypting data to and from the devices and by ensuring the devices are authenticated, we preserve the integrity of the entire network even if an individual device is compromised. We use standards based encryption technologies and associated security techniques to enable our utility customers to benefit from a technology that has had to evolve over the decades to address constant, increasingly sophisticated attacks in a wide variety of industries and applications. Our robust security and enhanced authentication schemes prevent man-in-the-middle attacks and allows utilities to operate large-scale networks while mitigating security risk. Our security model incorporates sophisticated techniques to secure every device on the network but is also designed d to preserve the integrity of the entire network even if an individual device is compromised. We are focused on using highly encrypted data over secure tunnels using a variety of communications medium including WiFi, Cellular or other public communication media. We believe this is more reliable and secure than radio frequency (RF) technology. Our SEIP incorporates a communications transport known as Electric power gridMesh™, and a device and data security management tool known as GRiM. Secure management of the "last mile" backhaul is necessary for electric power utilities to implement Smart Electric power grid applications such as AMI, and substation and distribution automation.

Reliable. Much of the physical infrastructure that makes up the network must reside outdoors, where factors such as weather, the growth of foliage or construction can change operating conditions over the infrastructure's lifetime. In addition, this infrastructure can be deployed in locations that are costly or difficult to service. As a result, a networking platform must be resilient, self-configuring and self-healing to function reliably with minimal intervention. Our communications modules communicate with multiple access points, providing redundant paths to the utility, and dynamically adjust their connections to the network and to neighboring devices to accommodate changes in the physical environment that impact wireless throughput, such as new construction or foliage growth. In addition, our GridMesh network operating system routinely re-evaluates the optimal path for communications traffic. As a result, utilities benefit from built-in optimization and self-healing capabilities that allow our networking platform to function reliably with minimal interruption and limited manual intervention.

Cost-Effective. The networking platform must deliver a compelling business case, both at installation and as additional solutions are added to the network. Maintenance and upgrade costs must also be low, and the network must integrate with the utility's

existing information technology and systems to facilitate deployment without expensive installation or integration costs. Our architecture enables our electric power utility customers to leverage a single network, rather than build multiple networks, when deploying additional solutions. This approach limits capital and operational expenditures and enhances our electric power utility customers' return on investment. Our networking platform is designed to limit both capital and operational expenditures relative to more expensive alternatives such as cellular- or PLC-based architectures. In contrast to such alternatives, our architecture enables our utility customers to leverage a single network, rather than build multiple networks, when deploying additional solutions such as distribution automation and demand-side management. Equipment requirements are mitigated because our access points support data from thousands of our communications modules, and all communications modules can act as relays for data from other communications modules. Our hardware and software is highly automated and operates with minimal manual intervention, thereby reducing upfront and ongoing maintenance expenses. We believe this approach limits capital and operational expenditures and enhances our utility customers' return on investment.

Components of our smart energy platform.

Our product portfolio provides Network Transport and Management, Secure Intelligent Devices, Threat Detection, and Electric power grid Optimization, all integral components of a state-of-the-art Smart Electric power grid solution. Our devices and platform are built on information-based devices, digital communications and advanced analytics. Through our wireless broadband business unit, Infrax Networks, we provide outdoor mesh-relay based wireless broadband networks used by customers as the metro-scale IP foundation upon which to run one or many applications that help build greener, safer, smarter communities. In addition, our networks are used by electric power utilities to build large scale, reliable, and secure networks that deliver the high bandwidth and low latency required for deploying smart electric power grids.

Secure Intelligent Energy Platform (SIEP) ™

Our Secure Intelligent Energy Platform (SIEP) ™ competes in three distinct market segments of the smart electric power grid industry;

-Network Transport and Management (secure, two-way communication),
-Secure Smart Sensors and Devices (Smart Meters),
-Asset Tracking;
-a electric power grid Optimization and
-Threat Detection, Electric power grid Optimization and Security.

We have developed a series of interrelated operational management, communications, and electric power grid security related products and services, under one platform, that together enable a comprehensive and unified solution for communications and applications management of the Smart Electric power grid. Each product meets a specific need in the spectrum of controls necessary to effectively manage a Smart Electric power grid and together they will offer unparalleled security and data management.

To address this international opportunity, we plan to aggressively invest in our products, marketing efforts and delivery capabilities to serve these markets.

Our Secure Intelligent Energy Platform enables utilities to transform the existing power grid infrastructure into the smart grid and includes our networking platform and solutions that run on top of the network as well as complementary services. Our networking platform facilitates two-way communications between the utility back office and devices on the power grid. We also offer a suite of solutions and applications that run on top of our network including advanced metering, distribution automation, and demand-side management. These solutions and applications are integrated with third-party products from the large number of third parties with whom we partner to form end-to-end smart grid offerings. In addition, we offer a wide range of services that enable our utility customers to deploy, operate and maintain our Secure Intelligent Energy Platform.

Within our Secure Intelligent Energy Platform, we provide a full stack of software capabilities that underlie our networking platform and enable the solutions and applications we offer on top of our network. At the core is our operating system that drives the functionality of all our devices. Our GridMesh suite provides management and security for our overall network. The Asset Tracker application suites provide business intelligence and management for our solutions..

Communications Platform

At the foundation of our Secure Intelligent Energy Platform is a standards-based and secure network. The networking platform is composed of our hardware such as access points and repeaters, network operating system, and our GridMesh management and security software. This network provides utilities the ability to communicate with devices connected to the power grid.

Communication Devices:

- Secure Network Interface Card (SNIC). Our SNIC is a combo card that resides inside the utility power

meter. The meter data such as usage, voltage, current etc. are encrypted and transported to the collector via a wireless module over proprietary mesh architecture. The wireless devices, operating in the 2.4 GHz spectrum link devices in the neighborhood area network to a utility's back office or data center over the wide area network.

- Collectors, concentrators and repeaters. Our collectors are devices that communicate to the SNIC on one side and transport the data over an appropriate wide area network (WAN) to a concentrator, typically installed at a utility's substation. Repeaters are devices that extend the reach of our network. Collector has the option to support a variety of WAN modules such as RF, cellular, WiMax etc. These devices are engineered to withstand harsh environmental conditions, including wind, lightning strikes, and rain, snow, and temperature extremes; are packaged in a standard form factor; and can be installed in a variety of locations such as a power pole.

Networking Software:

- GridMesh: Our proprietary mesh software for the SNIC is powerful software based on clustering concept to help build a dynamic mesh network between the meters and the collector. GridMesh allows our hardware devices to securely join the network and communicate with each other. GridMesh provides a comprehensive set of advanced networking features including network discovery, network addressing and address management, advanced routing, and secure communications. GridMesh also allows our devices to be remotely programmable over the air, enabling device upgrades without costly maintenance visits.

Secure Network Interface Card (SNIC)

Our advanced metering solution provides utilities with two-way communications from our communications module integrated into a third-party meter to their back office, enabling utilities to remotely perform such functions as reading meter usage, capturing time-of-use consumption data, connecting and disconnecting service, and detecting power outages. Our current version of the card is made for Itron's Centron II meters, with the ability to modify the geometric design to fit inside other third party meters. Our advanced metering solution comprises communications modules that are integrated into partner meters and our UtilityIQ software applications. We do not manufacture meters; instead, we partner with various meter manufacturers to provide a range of meter options for our utility customers. We are in the process of completing a Security and Network Interface Card (SNIC), based on higher levels of encryption, which can be imbedded in all intelligent end devices including Smart Meters and sensors. We plan to offer our SNIC in a variety of configurations; all equipped with standards based encryption with robust authentication schemes. Data traffic passing through our SNIC will be encrypted using AES 256, once the devices are authenticated. These keys are periodically rotated to negate "man in the middle" attacks. When combined with our security based software and management tools, our SNIC will create an impenetrable barrier against cyber-attacks. Our SNIC coupled with our Grid Intrusion Management (GRIM) system, will provide an enhanced cyber security platform which prevents unwarranted intrusion into any part of an electrical electric power grid. Using advanced encryption algorithms, a secure virtual network can be created over a private or public network. We believe our SNIC is the next generation of electric power grid security products. SNIC addresses the advanced metering infrastructure requirements of electric power utilities and provides the highest level of meter security available to date. SNIC employs military grade encryption, meeting or exceeding current and emerging security standards. The universal host interface board carries a single wireless module for both home area networking (HAN) and for communicating the data to the electric power utility's control center using standards based communications technology called GridMesh.

GridMesh

We believe our wireless smart meter mesh platform solves what has been the biggest challenge faced by electric power utilities, connecting each home to the smart electric power grid in an efficient, scalable and secure way. Utilizing our proprietary wireless system, GridMesh enables each smart meter to interconnect with one another to create a large, scalable mesh network.

UMAX and UMAX + The Utility Max (UMAX) product family is an extremely cost effective wireless solution for electric power utilities and telephone carrier who are looking to either set up a point-to-point or point-to-multipoint Ethernet links. The UMAX+ uses an adjunct box that is connected to the UMAX radio over an Ethernet link to provide T1/E1 communications at the remote locations. Due to the advanced implementation of both, frequency division duplex and time division duplex in the wireless domain the UMAX products can operate on a single channel eliminating the need for a guard band between the transmit and receive signals.

Grid Intrusion Management (GRIM)

We expect our GRIM system to evolve to include software and hardened hardware solutions for substation deployment.

Distribution Automation

Our current version of distribution automation solution provides a very reliable two-way communications from distribution devices along the power grid to the back office or substations, providing utilities with real-time information for grid monitoring

and control. While utilities have been implementing distribution automation for many years, adding two-way communications over a common networking platform significantly improves their visibility into and control over the power grid. As a result, utilities gain the information needed to better contain and more quickly resolve outages, monitor power-quality metrics with greater granularity, and adjust voltage levels dynamically to reduce energy waste.

Secure Intelligent Energy Platform Services

Through our Smart Grid Consulting & Professional Services organization, we offer a wide range of services related to the initial deployment and ongoing operation of our networking platform. Our services include professional services, managed services and customer support, including Network Design, Deployment Support and Program Management. We offer an array of services to help utilities deploy our networking platform and solutions. Our Professional Services include network design and optimization, taking into account geographical terrain, wireless propagation characteristics, device density and routing design, to ensure data is transmitted through the network in an efficient and secure manner. Soon we will have the ability to provide installation services directly to the utilities. We will be able to provide complete deployment support to ensure that our hardware devices are properly installed and registered with the network..

Professional Services

Infrax Systems has introduced a new division which provides engineering and professional services to its energy customers. This division is charged with packaging Infrax Systems products into engineered solutions that are marketed to their customers. Professional services provides engineering, construction and project managements services to the smaller utilities such as local municipalities, Rural Electric Cooperatives and Investor Owned Utilities who may not have the manpower or expertise to accomplish their goals. By leveraging our over 100 years of combined experience in the electric utility and telecommunications industries, Infrax Systems is well placed in an industry which is becoming the newest high tech phenomenon. The Smart Grid vision relies on vast networks of intelligent devices which sources in the Data and Enterprise Network industry indicate will surpass by several orders of magnitude of any know data network of today. Even a relatively small utility will have upwards of a million devices operating on thousands of individual domains. These networks not only will control instant and real time power flow but will also be the cash register for the Utility industry. Security, scalability and authenticity as well as day to day maintainability are the utmost concerns in providing an intelligent power grid that is safe and secure. Infrax Systems will be a leader in designing, building and securing these networks and solutions.

Initial marketing campaigns have been targeting the municipalities and Electrical Cooperatives. Currently we have responded to one major RFP for Capacitor Bank networks and Smart Grid infrastructure worth in excess of 1.5 million dollars. We are also working on a pilot project for our AMI product with the availability of the SNIC, with a major utility. If the pilot project is accepted and successful, we may be asked to provide AMI to all their customers. The revenue from such project, for only one utility, will be overwhelmingly substantial. We are also in the process of negotiations for a contract to provide customer engineer expertise for a fiber optic construction project and we have installed several radios for one of our initial customers. We have started to communicate with few utilities in Florida to become qualified bidders for the coming projects. We will continue this process with utilities all along the east coast of USA.

Asset Tracker solution

Our Asset Tracker solution provides for complete inventory management of utility smart electric power grid assets, including meters, collectors and concentrators, as well as all substation and field deployable assets. Asset Tracker validates inventory and equipment information received via RFID from tagged assets and seamlessly provides that information across the enterprise bus of an electric utility in a format customizable for each utility. Access to real time information provides operations personnel with the ability to locate material, track consumption and streamline procurement.

Business Benefits of Our Smart Energy Platform

Our networking platform is designed to yield significant benefits to electric power utilities, end users and the environment. We believe that utility investments in the networking platform will help utilities mitigate future costs and improve their ability to manage the power grid. Over time, we expect these benefits will translate into rates for consumers below what they would otherwise have been, absent such investments. In addition, many of the benefits will flow directly to consumers by empowering them to use energy more efficiently and save money. The benefits of transforming the power grid into the smart grid via our technology include more efficient management of energy, improved grid reliability, capital and operational savings, the ability to pursue new initiatives, consumer empowerment, and compliance with evolving regulatory mandates through reduced carbon emissions. EPRI estimates the benefits of deploying a smart grid in the United States to be worth $1.3 to $2.0 trillion in 2010 dollars between 2010 and 2030.

Examples of the tangible benefits delivered by our networking platform and solutions include:

Operational savings for electric power utilities. Utilizing our advanced metering solution, electric power utilities can significantly reduce costs by automating certain key operational functions required to run their business, including meter reading, and

connecting and disconnecting electricity service. These tasks have historically been labor intensive for electric power utilities and inconvenient for end users.

Empowering end users. When completed, our demand response solution will allow electric power utilities to engage and empower end users by offering new time-based pricing options and connecting in-home technologies to provide opportunities for end users to better understand their energy usage and save money. With these new pricing options, utilities can better smooth electric demand, reducing the need to build additional power plant capacity to accommodate peak demand, generating large capital expense savings from avoiding construction of power plants and reduced operating costs of generating electricity during peak times.

Increasing the efficiency of the electric power grid. With our advanced metering and distribution automation solutions, electric power utilities can more effectively and efficiently deliver electricity to homes and businesses with less waste. With our products, electric power utilities can monitor actual voltage levels at each consumer's location and adjust system voltage remotely, improving energy efficiency. Green Circuits, a distribution-efficiency initiative led by EPRI, has shown that utilities can achieve 1.8% to 2.7% overall energy reduction with conservation voltage reduction. Pacific Northwest National Laboratory estimates that 2% energy savings in the United States from conservation voltage reduction and advanced voltage control can reduce carbon emissions by 2% in the United States, or 59 million metric tons per year, by 2030. McKinsey & Company estimates that by 2019, energy savings from conservation voltage reduction and volt-VAR optimization will total $43 billion in 2009 dollars annually in the United States.

Competitive pricing. We believe our SEIP will is priced to facilitate and hasten the deployment of smart electric power grid technology among resource constrained small and mid-sized electric power utilities. There are 3,448 small to mid-sized electric power utilities in the United States, a majority of which we believe lack the resources to adequately migrate to the smart electric power grid infrastructure.

Our Competitive Strengths

We believe we have a number of unique advantages that position us for continued leadership and growth in providing the networking platform and solutions electric power utilities use to transform the electric power grid infrastructure into the smart electric power grid. Our competitive strengths include:

Secure, reliable network for the smart electric power grid. Our primary purpose is help electric power utilities build a reliable communication network with a strong emphasis on security to help the utilities transform the power grid into the smart grid. The core of our technology is the network, which was designed and built from the ground up for the specific purpose of addressing the stringent requirements of the smart electric power grid. Alternative solution providers often repurpose networking technologies that have not comprehensively addressed the challenging requirements of the smart electric power grid.

Innovative technology. We are building our networking platform through our focused development of core networking, communications, semiconductor and power electronics technologies. We have developed what we believe is the most secure networking platform that enabled two-way communications between electric power utilities and millions of devices connected to the electric power grid. We are continuing to add features and functionality to improve our networking platform and currently have our second generation of technology under development. We are also building a significant core competency in key software disciplines, including operating system design, network management, security and analytics that both underlie our networking platform and also enable the advanced solutions and applications we offer on top of our network.

Low total cost of ownership. We are designing our networking platform to be high-performing, flexible and capable of supporting multiple solutions. As a result, we believe electric power utilities can reduce their capital and operational expenditures by leveraging a single platform as compared to alternatives that will likely require the deployment of additional, duplicative networking infrastructures to support additional solutions. The design of our networking platform, which includes features such as self-healing, high-powered and modular architectures, allows for cost-effective implementation in support of a single solution, such as advanced metering. Utilities that choose to deploy additional solutions, such as distribution automation and demand-side management, can leverage their existing networking platform, resulting in lower operating expenses, better capital efficiency and faster deployment, ultimately resulting in shorter time to value. We believe for every solution that electric power utilities add to our networking platform, they further reduce their total cost of ownership when compared to these alternatives.

Encryption and detection. Based on our review of smart electric power grid related products against which SEIP now competes, we believe that none of them provide the required encryption and threat detection capabilities required to secure the smart electric power grid.

Blue chip utility relationships. Our relationships are with some of the largest and most recognizable electric power utilities in the United States. We have worked closely with these utility customers with a focus on delivering superior products and a high level of service, allowing us to form long-term relationships. Our close working relationships provide us with early and deep insight into their needs and future requirements, which then drives our development efforts. When new projects arise with these customers, our relationships position us well to compete for their business. In addition, our existing utility customers often serve

as strong references when we compete for business from new utility customers.

Our Strategy

Our objective is to provide the leading networking platform and solutions that enable electric power utilities to transform the electric power grid into the smart electric power grid, ultimately becoming the industry standard for electric power utilities worldwide. To achieve this objective, we intend to:

Exceed our customers' expectations. We seek to differentiate ourselves from our competitors through superior product reliability, performance and service. We believe that this focus has strengthened our relationships with our existing utility customers. We have regular feedback sessions with our utility prospects, which allow us to better understand their evolving needs and continuously improve our products and services. We also believe that a global presence and investments in software engineering and support will create competitive advantages in serving domestic and international utilities.

Expand internationally. Our goal is to be the leader in every market we enter. We believe the smart electric power grid has become a priority for electric power utilities worldwide, and to address this opportunity we plan to aggressively invest in our products, marketing efforts and delivery capabilities to serve international markets including Australia, South America, Europe and Asia. We have prioritized our international activities based on countries with a combination of the following attributes: high GDP, high total and per-capita electricity consumption, utilities with a large number of homes and businesses, government mandates, available RF spectrum, high energy theft, reliability concerns and operating inefficiencies. To address this international opportunity, we plan to aggressively invest in our products, marketing efforts and delivery capabilities to serve these markets.

Broaden our solutions and services. We strive to broaden the scope of our solutions and services to maximize the benefit our utility customers receive from having deployed our Secure Intelligent Energy Platform. This expansion includes providing electric power utility customers with additional solutions and services from our current portfolio and developing new solutions and services to address our electric power utility customers' evolving requirements.

Extend our technology leadership. We intend to continue to invest in research and development to further enhance our technology leadership. Since the deployment of our networking platform, we have been able to simultaneously reduce hardware production costs while materially enhancing its functionality. Over the long term, we believe our networking platform has the potential to be extensible to areas beyond electric energy, enabling the Internet of things.

Build relationships. We are in the process of building relationships with electric power utilities, manufacturers, major DC lobby firms, and international law firms, and certain government officials nationally and locally. These relationships will afford us the visibility needed for government grants, loan guarantees, and funding, as well as aid in the prioritization of global markets.

We intend to generate revenues from the design, sales, installation, and support of the hardware, software and technology, associated with SIEP™. Additionally, revenues may be generated from licensing our GRiM and, Infrax Networks wireless communications and future products. We believe that by continuing to execute our strategy and connect additional homes and businesses, we will experience a network effect that will establish our Secure Intelligent Energy Platform as the platform of choice for electric power utilities.

Our Partners

Although we believe our networking platform is the core enabler of the smart grid, meters and other third-party products are critical to meeting the needs of our utility customers and unlocking the full value of our platform. Because our products are built using open standards, third-party hardware and software vendors can integrate both new and existing devices with our platform, forming end-to-end smart grid offerings.

To meet the needs of the market, we have entered into a Technical Information License Agreement with Itron, Inc., the leading manufacturer of smart meters. The license agreement allows us to design our SNIC and communications module for inclusion in the Itron Centron I & Centron II meters. We have been working closely with Itron during this process to ensure that we are fully compliant and the results to date have all met Itron's criteria. When the qualification testing process is finished, we will be able to license the communications module to Itron and sell the product directly as Itron-compliant.

While we have also been in discussions with several other global meter manufacturers regarding the inclusion of the SNIC and GridMesh into their AMI meters, we believe that Itron's dominant market position and the strength of our relationship will drive the results required to meet our business objectives.

Our hardware vendors manufacture meters, capacitor bank controllers, in-home displays, electric vehicle charging stations, energy storage devices, smart thermostats and other related devices. Our software vendors provide various applications including meter data management, consumer information management, energy management, work order management, and outage management software that leverages our outage detection application.

INFRAX Strategy

We intend to generate revenues from the design, sales, installation, and support of the hardware, software and technology, associated with our integrated solution, Infrax Secure Intelligent Energy Platform (SIEP) ™. Additionally, revenues may be generated from licensing our Security, GRiM and, Infrax Networks wireless communications and future products.

Our efforts are presently focused on attaining the following:

INCREASED MARKET PENETRATION OF OUR WIRELESS BROADBAND PRODUCTS

Our strategy is to capitalize on the millions of dollars and thousands of man hours invested in one of our core technologies, the T-Max family of wireless broadband products, developed by Trimax Wireless, Inc, which we acquired in June 2010. We own the Intellectual Property of these systems having acquired Trimax Wireless, Inc and have enhanced the T-Max product line for use in Smart Grid applications for utility infrastructure management.

The new UMAX and UMAX+ product lines provide additional functionality and features to an already robust platform. Designed to provide data acquisition, network extension and backhaul capabilities, the UMAX+ is now available in 4-port and 8-port configurations supporting either 4 or 8 T1 links. The units provide Ethernet on the drop side in addition to handling TDM traffic.

INCREASED MARKET PENETRATION AND INTEGRATION OF OUR ASSET MANAGEMENT PRODUCTS

We continue to discover new and exciting applications for the asset management, tracking and security products developed by Lockwood Technology. Infrax acquired controlling interest in Lockwood in April 2011 and has been focused on integrating Lockwood's capabilities into the Secure Intelligent Energy Platform. While we continue to support Lockwood's existing municipal and public safety applications, there is vast potential to deploy this technology within the utility sector.

Asset management has long been a goal of utilities, especially in times of storms and weather related circumstances. Disaster response can be greatly improved through comprehensive reporting on asset and material location and availability. The Asset Tracker allows utility vehicles to be quickly and accurately inventoried each time they are deployed and return for restocking. Mobile solutions are also available to relay asset utilization over wireless links on a real time basis from the site of a service interruption.

EXPAND OUR STRATEGIC ASSOCIATIONS

Since our inception, we have built relationships with Utilities, Manufacturers, major DC Lobbyist Firms, and International Law firms, and certain Government Officials nationally and locally. These relationships will afford us the visibility needed for Government grants, loan guarantees, and funding, as well as aid in the prioritization of global markets.

DRIVE BUSINESS DEVELOPMENT

We believes the industry will be driven by a few, key early adopters who will set the stage for North American smart grid deployments, especially those companies that have been awarded millions in stimulus grants . Initially we have been focusing our efforts on utilities that have recently obtained grants from the Stimulus Act. Upon funding, we will direct our business development effort towards the 3,448 small to mid-sized utilities in the United States, as the majority of these utilities lack the resources to adequately migrate to the Smart Grid infrastructure.

PURSUE OUR ROLE AS A SECURE SYSTEMS INTEGRATOR

We are committed to our role as a supplier of secure Smart Grid communications platforms. We will continue to expand our professional services including network design, hardware and software development and integration, installation support, operator training and network management. Our understanding of the architecture, hardware, and software requirements of major utilities from our prior experience enables us to design solutions from the ground up and to meet utility requirements. We intend to design, manufacture and market all of the key components of the network.

BECOME A LEADING SOLUTIONS PROVIDER WITH A DIVERSIFIED PLATFORM AND A GLOBAL PRESENCE

Our customers' requirements create the need for our products and our goal is to drive application development to meet these needs. While Infrax's Secure Intelligent Energy Platform incorporates our secure wireless technology, we believe that growth in the Smart Grid communications industry will come primarily as utilities deploy Smart Grid applications including AMR/AMI, distribution and substation automation. These future points of entry for Smart Grid applications may include home energy management systems, demand response tools and other applications which will require the secure access provided by our Secured Network Interface Card (SNIC) ™ technology currently under development.

EXPAND OUR STRATEGIC COLLABORATIVE RELATIONSHIPS

Continued collaboration with our development partners, utility customers and synergistic smart grid application providers will further enhance the development and functionality of our Secure Intelligent Energy Platform. We have established joint development arrangements with a host of technology providers to keep us on the cutting edge of new technologies, and we will continue to create working relationships with leading suppliers of critical network and IEDs (Intelligent Endpoint Devices) components such as sensors, integrated communication hub and aggregators, consumer centric energy management devices as well as metering solution providers. We are working with electric utilities to conduct application trials. We intend to strengthen these relationships and to seek out new strategic and commercial relationships with utilities and other technology companies.

Infrax Systems has entered into a Technical Information License Agreement (TIL) with Itron, the leading manufacturer of smart meters. The license agreement allows Infrax to design its Secure Network Interface Card (SNIC) and communications module for inclusion in Itron Centron I & Centron II meters. We have been working closely with Itron during this process to ensure that we are fully compliant and the results to date have all met Itron's criteria. When the qualification testing process is finished, Infrax can license the communications module to Itron and sell the product directly as Itron-compliant.

While we have also been in discussions with several other global meter manufacturers regarding the inclusion of the SNIC and GridMesh into their AMI meters, we believe that Itron's dominant market position and the strength of our relationship will drive the results required to meet our business objectives.

ACTIVELY PURSUE TARGETED STRATEGIC ACQUISITIONS

We intend to actively pursue selective acquisitions to enhance our product/service offerings and to further expand our solutions into the alternative energy and intelligent energy solutions sector. Utilizing our core platform as the foundation for additional products and services, we can increase the potential of other technology products by integrating them with our solution. We have identified several potential technology companies which have technologically advanced products to complement our solution. We intend to look for opportunities to acquire technologies that would support and enhance our current technology platform with a particular focus on growing managed services offerings through our energy management solutions.

Our Intellectual Property and Its Protection

Infrax Systems: Opticon Network Manager software and Smart Grid products

Our intellectual property consists of all of Corning Cable, Inc,'s intellectual property related to the Opticon Network Manager software. Our rights by purchase in our intellectual property are equivalent to that of any developer or creator of intellectual property. We have exclusive ownership of the Opticon Network Manager software and all its revisions and new versions, including R4, with the exclusive right to license it to others.

Additionally, our intellectual property relating to our Smart Grid products includes the design of the Secure Network Interface Card (SNIC) and its associated proprietary mesh routing scheme, customized modifications to our security software platform, and the wireless equipment hardware and software designs as well as the associated patents included in the Trimax Wireless, Inc. acquisition.

We regard all of our hardware, software and its documentation as proprietary and the source code for the software as a trade secret. We intend to complete the implementation of confidentiality procedures, contractual arrangements, physical security systems and other measures to protect our proprietary and trade secret information when we begin to hire employees. As part of our confidentiality procedures, we will generally enter into non-disclosure agreements with our key employees, and our license agreements will include provisions for protection of our proprietary information. We also plan to educate our employees on trade secret protection and employ measures to protect our facilities and equipment. We plan to license our software products under signed license agreements that impose restrictions on the licensee's ability to utilize the software and do not permit the re-sale, sublicense or other transfer of the software.

We have filed two provisional patent applications for our Smart Grid products, and intend to do more as development progresses. We do hold seven patents associated with the Trimax acquisition and continue to patent our wireless mesh technology as we complete each development phase.

Our software is protected under U.S. and international copyright laws and laws related to the protection of intellectual property and proprietary information. We do not need to do any further steps to protect our IP than stated. Neither we, nor to our knowledge Corning Cable, has filed a U.S. copyright registration. We will file a registration for the Secure Intelligent Energy Platform products as they are completed. We take measures to label our product with the appropriate proprietary rights notices, and we plan to actively enforce such rights in the U.S. and abroad. We believe that our ability to maintain and protect our intellectual property rights is important to the success of our business. Our intellectual property is at this time our only asset that

will enable us to engage in our planned business. The measures for its protection described in this section may not provide sufficient protection and our intellectual property rights may be challenged. Efforts to enforce our intellectual property rights in litigation, or defend suits brought against us for copyright infringement, which we do not have reason to expect, would be expensive and consume substantial amounts of our management's time. Our ability to pursue remedies against person who we believe may infringe our intellectual property rights will depend on our financial condition from time to time.

Trimax Wireless Systems (acquired intellectual property June 29, 2010)

Trimax' solutions enable multiple applications to run concurrently over the same standards-based infrastructure, leveraging capital investment and operating costs. Trimax has a growing list of Solution Partners that provide best-of-breed complementary products to help customers implement whole product solutions.

The Trimax Wireless TMAX™ Cross Platform product line is the first to combine Wi-Fi, WiMAX and DECT into a single unified system. TMAX includes base stations, broadband wireless routers, edge nodes and CPE devices. The entire TMAX product line is based on modular, rugged outdoor platforms that support a common set of radio modules.

Around the world, Trimax leads the way in helping to increase public safety, improve mobile worker efficiency, boost the local economy, and deliver wireless broadband connectivity to people wherever they are...and wherever they're going.

Lockwood Technology Corporation (acquired controlling interest and intellectual property April 8, 2011)

Lockwood has focused on developing world class asset tracking software and asset tracking services using bar coding, radio frequency (RFID), imaging, and wireless technologies. The "Lockwood solution" is comprised of a "set" of services and products, which can be implemented as a whole or implemented as building blocks. Each component is able to work independently of the others, yet when combined, serve to provide a complete seamless, integrated system.

Our proprietary software provides:

- Mobile Public Safety - Providing public safety workers in the field with timely access to the information they need is reducing crime and saving lives
- Video Surveillance - A cost-effective alternative to adding additional people to increase security coverage, cameras are extending the visual reach of police, fire, lifeguards and park rangers
- Utility Meter Reading - Centrally connected utility meters are improving customer satisfaction and encouraging conservation while lowering operational costs
- Intelligent Transportation Systems (ITS) - Real-time traffic analytics and control is minimizing congestion and improving safety on crowded roadways as well as reducing emissions
- Municipal Modernization and Mobility - Extending office IT resources to the field is improving worker efficiency, lowering costs, and raising citizen satisfaction
- Automated Parking Meters - Variable parking rates, and flexible payment options, are improving main street business.
- Industrial - Often operating in hostile conditions, industrial site networks are used for a range of activities that improve business operational efficiencies, reduce operating cost, and increase worker and site safety
- Public Access - Citywide, campus-wide, and hot zone Wi-Fi networks increase quality of life, educational opportunities, and economic development

Security and Network Interface Card (SNIC)(Intellectual Property Rights filed)

We have filed for global patent for our Security and Network Interface Card after the successful completion of the field trials in 2014.

GridMesh (Intellectual Property Rights have been filed)

We have filed for global patent for our GridMesh technology after the successful completion of the field trials in 2014.

Competitive Landscape

Competition in our market is intense and involves rapidly changing technologies, evolving industry standards, frequent new product introductions, and changes in customer requirements. To maintain and improve our competitive position, we must keep pace with the evolving needs of our utility customers and continue to develop and introduce new products, features and services in a timely and efficient manner.

The principal competitive factors that affect our success include:

- Our ability to anticipate changes in utility customer requirements and to develop new or improved products that meet these requirements in a timely manner;

- The price, quality and performance of our products and services;
- Our ability to differentiate our products and services from those of our competitors and thereby win new utility customers;
- Our reputation, including the perceived quality and performance of our products and services;
- Our ability to ensure that our products conform to established and evolving industry standards and governmental regulations;
- Our customer service and support;
- Warranties, indemnities, and other contractual terms; and
- Customer relationships and our ability to obtain strong customer references that will support future sales efforts and market awareness of our Secure Intelligent Energy Platform.

We believe we compete effectively in the market as a result of a number of factors including the innovative nature of our technology, the breadth of our product offerings, field-proven performance, competitive cost of ownership, our extensive relationships with third-party vendors and strong references from our utility customers.

Our competitors range from small to very large and established companies. These companies offer a variety of products and services related to the smart grid and come from a number of industries, including traditional meter manufacturers, application developers, telecommunications vendors, and other service providers.

We compete with traditional meter manufacturers that incorporate various communications technologies that provide some level of connectivity to the utility's back office. Our key competitors in this segment include Echelon Corporation, Elster Group SE, Landis+Gyr AG, and Sensus Metering Systems Inc. Similarly, we compete with traditional providers of distribution automation equipment, such as S&C Electric Company and Schweitzer Engineering Laboratories, Inc.

We also face competition from other entrants that are providing specific narrowly focused products for the smart grid, including Coulomb Technologies Inc., Ambient, Silver Springs, E2O Communications Inc., Grid Net Inc., OPOWER Inc., SmartSynch, Inc. and Tendril Networks Inc. We anticipate that in the future, additional competitors will emerge that offer a broad range of products and services related to the smart grid, some of which may be directly competitive with our offerings.

These companies may have competitive advantages in the market, including strong brand recognition, long-standing customer relationships, established distribution networks, deep financial resources and broad product portfolios. In addition, some of our competitors may have larger patent portfolios than we have which may provide them with a competitive advantage and may require us to engage in costly litigation to protect and defend our intellectual property rights.

We compete in four distinct market sectors:
-advanced metering,
-networking and communications,
-electric power grid optimization/distribution automation, and
-software.

We may compete directly with certain companies in certain sectors and indirectly in others. It is important to note that some market segments are more defined than others.

The market for our products is in its infancy and there is no clear market leader, which provides Infrax entry with a unique product line. We also believe that none of our competitors offer a unique blend of network, device, data and security management as Infrax. In order to maintain and improve our competitive position in the market, we must continue to invest in research and development, and continue to anticipate changes in the market and our customers' requirements.

Recent Competitor's activity & Recent Industry Acquisitions of Our Competitors

• Silver Springs Networks – competitive advantage
 Developed Smart Grid Energy Platform with NIC for GE meters and end-to-end management
 Have won several utility contracts for AMI deployment
 Public Company as of 2014 (SSNI)

• LandysGyr
 Large meter manufacturer
 Acquired by Toshiba in July 2011 for 2.3B

 Combined company targeting Advanced Metering Infrastructure (AMI)

• eMeter
 A premium Meter Data Management (MDM) company
 Acquired by Siemens – terms not disclosed, but Siemens invested $12.5 M in 2008

• SmartSynch
 Smart Grid Company focused on meter communications over public wireless
 In business since 2000 providing innovative solutions for utilities
 Acquired in January 2012 by Itron for $100M

• Schneider Electric
 Strong energy Management Company with a variety of products for utilities
 Acquired Telvent, a provider of IT and software solutions to the power grid for $2B in June 2011

Our Employees

At the date of this annual report, we have four (4) full-time and three part-time employees. The majority of employees work out of our offices in Saint Petersburg. We have no employees dedicated to sales and deployments.

Item 1A. Risk factors

We wish to caution you that there are risks and uncertainties that could cause our actual results to be materially different from those indicated by forward looking statements that we make from time to time in filings with the U.S. Securities and Exchange Commission, news releases, reports, proxy statements, registration statements and other written communications as well as oral forward looking statements made from time to time by our representatives. These risks and uncertainties include, but are not limited to, those risks described below that we are presently aware of. Additional risks and uncertainties that we currently deem immaterial may also impair our business operations, and historical results are not necessarily an indication of the future results. The cautionary statements below discuss important factors that could cause our business, financial condition, operating results and cash flows to be materially adversely affected.

An investment in our common stock involves a high degree of risk. Therefore, if you are considering buying our common stock, you should consider all of the risk factors discussed below, as well as the other information contained in this annual report. You should not invest in our common stock unless you can afford to lose your entire investment and you are not dependent on the funds you are investing in order to pay your monthly expenses.

Without minimum funding of $5 million and additional funding of up to $20 million, we may not be able to establish, maintain and grow our business.

At the date of this annual report, we do not have the funding we require to maintain our business and we have had limited success in raising capital in the past 2 years. We have concentrated mainly on developing our hardware and software solutions. Furthermore, we do not have any existing or ongoing arrangement, understandings, commitments or agreements for additional funding. Failure to raise additional debt or equity funding would prevent us from completing development of the Secure Intelligent Energy Platform and associated products and possibly cease operations. There is no assurance that we will be able to obtain sufficient debt or equity funding, or that the terms of available funding will be acceptable to us. Failure to raise additional debt or equity funding would most probably result in a complete loss of their investment by purchasers of our common stock.

"Penny Stock" rules may make buying or selling our common stock difficult.

Trading in our securities is expected to be subject, at least initially, to the *"penny stock"* rules. The SEC has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions, none of which apply to our common stock. These rules require that a broker-dealer, who recommends our common stock to persons other than its existing customers and accredited investors, must, prior to the sale:

- Make a suitability determination prior to selling a penny stock to the purchaser;
- Receive the purchaser's written consent to the transaction;
- Provide certain written disclosures to the purchaser;
- Deliver a disclosure schedule explaining the penny stock market and the risks associated with trading in the penny stock market;
- Disclose commissions payable to both the broker-dealer and the registered representative; and

- Disclose current quotations for the common stock.

The additional burdens imposed upon broker-dealers by these requirements may discourage broker-dealers from effecting transactions in our common stock, which could severely limit the market price and liquidity of our common stock. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

The price of our common stock may fluctuate significantly and you may find it difficult to sell your shares at or above the price you paid for them.

We do not know the extent to which the market for our shares of common stock may be volatile. Therefore, your ability to resell your shares may be limited. Actions or announcements by our competitors and economic conditions, as well as period-to-period fluctuations in our financial results and other factors, may have significant effects on the price of our common stock and prevent you from selling your shares at or above the price you paid for them.

We have a limited operating revenue history that can be used to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays that we may encounter because we are a small business. As a result, we may not be profitable and we may not be able to generate sufficient revenue to develop as we have planned.

Our ability to achieve and maintain profitability and positive cash flow will be dependent upon:

- Management's ability to maintain the technology skills for our services;
- The Company's ability to keep abreast of the changes by the government agencies and law;
- Our ability to attract customers who require the services we offer; and
- Our ability to generate revenues through the sale of our services to potential clients who need our services.

Based upon current plans, we expect to incur operating losses in future periods because we will be incurring expenses and not generating sufficient revenues to cover our expenses. We cannot be sure that we will be successful in generating revenues in the future. Failure to generate sufficient revenues will cause us to go out of business and any investment in our Company would be lost.

Managing a small public company involves a high degree of risk. Few small public companies ever reach market stability and we will be subject to oversight from governing bodies and regulations that will be costly to meet. Our present officers and directors do not have any experience in managing a fully reporting public company so we may be forced to obtain outside consultants to assist with our meeting these requirements. These outside consultants are expensive and can have a direct impact on our ability to be profitable. This will make an investment in our Company a highly speculative and risky investment.

While the Company is attempting to disclose all of the potential risks associated with an investment in the Company, there can be no assurance that all of the risks are visible to management. Events occurring in the future may cause additional risks to an investment in the Company which are currently unforeseen.

We have a limited operating history that you can use to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays that we may encounter because we are a small company. As a result, we may not be profitable and we may not be able to generate sufficient revenue to develop as we have planned.

The success of our business depends, in part, upon proprietary technologies and information which may be difficult to protect and may be perceived to infringe on the intellectual property rights of third parties.

We believe that the identification, acquisition and development of proprietary technologies are key drivers of our business. Our success depends, in part, on our ability to obtain patents, maintain the secrecy of our proprietary technology and information, and operate without infringing on the proprietary rights of third parties. We cannot assure you that the patents of others will not have an adverse effect on our ability to conduct our business, that the patents that provide us with competitive advantages or will not be challenged by third parties, that we will develop additional proprietary technology that is patentable or that any patents issued to us will provide us with competitive advantages or will not be challenged by third parties. Further, we cannot assure you that others will not independently develop similar or superior technologies, duplicate elements of our technology or design around it.

Item 1B. Unresolved staff comments

None.

Item 2. Properties

Our executive office is now located in an office complex under annual five year lease, beginning June 1, 2012 at a rent of $3,315 per month and escalating to $4,765 per month.. We entered into this 5-year commercial lease agreement in St. Petersburg, Florida

with Kalyvas Group II, LLC. Our lease provides us with approximately 4,100 square feet of: reception area, nine offices, a lab/production area, inventory room, server room, kitchenette and one conference rooms. We believe the facilities are adequate for our operational needs. We may require additional offices in the event we obtain funding and acquire additional customers.

Item 3. Legal proceedings

N/A

Item 4. Submission of matters to a vote of security holders

We did not submit any matter to a vote of our security holders, through the solicitation of proxies or otherwise during the fourth quarter of our 2016 fiscal year.

PART II

Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities

Our common stock is quoted on OTC Bulletin Board under the symbol *"IFXY".* The Company began trading on January 11, 2008.

Price History of our common stock.

The following table sets forth high and low bid quotations for the quarters indicated and trading volume data for our common stock for the period indicated. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

	High Bid	**Low Bid**
Fiscal Year 2016*		
Fourth Quarter Ended June 30, 2016	$ 0.022	$ 0.01
Third Quarter Ended March 31, 2016	$ 0.03	$ 0.02
Second Quarter Ended December 31, 2015	$ 0.03	$ 0.02
First Quarter Ended September 30, 2015	$ 0.03	$ 0.02
Fiscal Year 2017*		
Fourth Quarter Ended June 30, 2017	$ 0.0003	$ 0.0001
Third Quarter Ended March 31, 2017	$ 0.007	$ 0.003
Second Quarter Ended December 31, 2016	$ 0.01	$ 0.01
First Quarter Ended September 30, 2016	$ 0.03	$ 0.01

Dividend Policy

N/A

Equity Compensation Plan

See description our Stock Option Plan in Item 12.

Transfer Agent

We have engaged ClearTrust, Inc. to serve as our stock register and transfer agent. ClearTrust's address is 17961 Hunting Bow Circle, Unit 102, Lutz, FL 33558.

Sales of Unregistered Securities

None

Item 6. Selected financial data

The following financial data is derived from, and should be read in conjunction with, the "Financial Statements" and notes thereto. Information concerning significant trends in the financial condition and results of operations is contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	2017	2016
Cash	$ 63	$ 114
Current assets	6,200	6,200
Total Assets	758,910	758,910
Total current liabilities	511,333	440,083
Non-current Liabilities liabilities	342,852	782,944
Total stockholders' equity (deficit)	(116,694)	(24,035)
Working Capital	(160)	(56,813)
Net Cash (Used) Provided by Operating Activities		(6,979)

For the Year Ended June 30,	2017	2016
Revenues	$ 0	$ 0
Direct costs	0	0
Interest exp & Minority Interest	5,097	48,613
Operating expenses:	33,911	22,547
Net Income (loss)	$ (39,008)	$ 450,178

Item 7. Management's discussion and analysis of financial condition and results of operations

You should read the following discussion and analysis in conjunction with the information set forth under Item 6, Selected Consolidated Financial Data, and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The statements in this discussion regarding our expectations of our future performance, liquidity and capital resources, and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements. Our significant accounting policies are more fully described in Note 1 to the financial statements. However, certain accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant judgment by our management; as a result they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on knowledge of our industry, historical operations, terms of existing contracts, and our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate.

Overview

INFRAX market opportunity exists in one of the largest industries in the world. Globally, according to the International Energy Agency (IEA), this industry is expected to spend close to $10 trillion dollars by 2030 to upgrade electrical infrastructure. Technology innovations in power delivery have been fermenting for years, but only now is the confluence of physical need and social expectations creating an environment in which real and sustained monetary commitments are being made to create a "Smart Grid" built on information-based devices, digital communication and advanced analytics. Networking giant Cisco has estimated that the market for smart grid communications will grow into a $20 billion-a-year opportunity as the infrastructure is built out over the next five years. Globally, SBI expects the market for smart grid technologies to grow to about $171 billion by 2014 up from approximately $70 billion in 2009.

The complexity of the grid implies that vulnerabilities exist that have not yet been identified. It is particularly difficult to estimate risk from cyber-attack because of the size, complexity, and dynamic nature of the power grid and the unpredictability of potential attackers.

Infrax creates a unified solution path to securely manage Advanced Metering Infrastructure (AMI) and other Smart Grid optimization applications such as substation and distribution automation. Our product portfolio provides Network Transport and Management, Secure Intelligent Devices, Threat Detection, and Grid Optimization, all integral components of a state-of-the-art Smart Grid solution. Every utility, telecommunications carrier, wireless service provider, government and businesses with the need to securely transmit data and manage their network is a potential customer for the Infrax product line.

We believe our technology is particularly well suited for a range of other solutions across the broad category of the IoT (internet of things). We are focused on critical infrastructure that requires similar networking performance as the current market we serve.

Our first expansion beyond the power grid has been on facility infrastructure, specifically automated wireless LED lights. We believe that by applying advanced networking technology, we can enable facilities and cities to achieve their goals for increasing energy and operating efficiency while improving quality of life. We expect to expand our offerings in this area as the market opportunity evolves.

Infrax's innovative and comprehensive solutions have the power to secure the future.

Factors Affecting Our Performance

The Pace of Smart Grid Adoption

Our financial performance is correlated to the pace of adoption of the smart grid in the utility industry. The adoption of the smart grid in the United States and globally is evolving and is impacted by multiple factors including the business needs and priorities for utilities, cost benefit analysis, technology testing, rate case timing, regulatory or government reviews and approvals and consumer sentiment. Smart grid adoption in international markets has trailed adoption in the United States as international markets continue to explore the technology and define the benefits and regulatory requirements for the smart grid. Although we believe the adoption of the smart grid will continue to expand globally, the future pace and degree of adoption cannot be determined with certainty.

Long and Unpredictable Sales Cycles

Sales cycles with our prospective customers, particularly to utilities, which are our primary set of prospective customers, tend to be long and unpredictable. Sales cycles can be subject to multiple trial deployments, or pilots, before a full deployment contract is awarded, with no assurance that our networking platform and solutions will be selected. Our customers also typically need to obtain regulatory approval for these deployments.

Reliance on Third-Party Manufacturers

We outsource the manufacturing of our hardware products to third-party contract manufacturers. Accordingly, a significant portion of our cost of revenues and substantially all of our deferred costs consist of payments to our contract manufacturers. Our contract manufacturers generally secure capacity and procure component inventory on our behalf based on a rolling forecast. As part of our design review process, we also attempt to identify alternative or substitute parts for single-source components to further mitigate the risk of shortages.

Innovation of New Products and Services Expansion

An important aspect of our strategy depends on our ability to expand beyond advanced metering sales and sell additional solutions to our existing and prospective customers. There can be no assurance that these products and services will be accepted by utilities or consumers. Similarly, our future success depends on our ability to expand our business beyond the smart grid into IoT (Internet of Things) infrastructure. We have only recently introduced automated wireless LED lights for other industries. There can be no assurance that this or other future IoT products and services will be accepted by potential customers. Other competing products and services for both the smart grid and IoT may emerge and may be more successful.

Investments in Growth

We believe the smart grid and IoT markets are still in their infancy and our objective is to continue to invest for long-term growth. We expect to continue to invest heavily in our research and development initiatives to expand the capabilities of our secure networking platform. In addition, we expect to continue to aggressively expand our sales organization and partnerships to market our solutions both in the United States and internationally. We may incur losses in future periods as we continue to invest in our growth.

Our Marketing Plan

The first phase in our plan of operations, subject to adequate funding, will be implementation of our sales and marketing plan. We plan to initially select several resource constrained small to mid-sized utilities to function as beta test sites for our Secure Intelligent Energy Platform. We are currently working with one mid-sized utility during the design phase of product development. We will also be targeting utilities for the immediate deployment of our "Smart Grid Ready" wireless products in preparation of the completion and launch of our SIEP.

Infrax Systems has entered into a Technical Information License Agreement (TIL) with Itron, the leading manufacturer of smart meters. The license agreement allows Infrax to design its Secure Network Interface Card (SNIC) and communications module for inclusion in Itron Centron I & Centron II meters. We have been working closely with Itron during this process to ensure that we are fully compliant and the results to date have all met ITRON's criteria. When the qualification testing process is finished, Infrax can license the communications module to Itron and sell the product directly as Itron-compliant. As of the filing of this 10/K,

Infrax is in the process of certification of its flagship product with ANSI and Itron.

While we have also been in discussions with several other global meter manufacturers regarding the inclusion of the SNIC and GridMesh into their AMI meters, we believe that ITRON's dominant market position and the strength of our relationship will drive the results required to meet our business objectives.

Product Research and Development

Our Smart Grid products are in the final stages of development and we anticipate delivering prototype solutions to our targeted beta customers by the end of the 4th quarter of 2016. We have budgeted $1.0 M for the completion of our hardware and software products. We may not have financial or other resources to undertake this development. Without additional funding sufficient to cover this budgeted amount, we may not have the resources to conduct this development.

We anticipate that as funding is received, of which there is no assurance, and we will begin hiring the appropriate technical staff that will be able to handle support requirements for this market segment. We anticipate a need for up to forty-four employees by the end of the first year of full operation after funding. The number of employees we hire during the next twelve months will depend upon the level of funding and sales achieved.

Funding

To support our activities and provide the initial sales and support for entry into the Utility marketplace, as noted above, we will require an initial investment of approximately $5 million. We expect this level of funding to carry us into the Smart Grid and Utility marketplaces and provide the capital necessary to complete the development of our SIEP and SNIC products.

Key Elements of Operating and Financial Performance

We monitor the key elements of our operating and financial performance to help us evaluate growth trends, determine investment priorities, establish budgets, measure the effectiveness of our sales efforts and assess operational efficiencies.

Revenue

Currently, we derive no revenue from sales.

Our product revenue is derived from sales of asset management system software. To date, in our typical customer deployments, we have sold our Lockwood asset management system directly to our customers. However, when requested by our customers, we have sold third-party devices such as handheld inventory counting devices directly to our customers.

We expect that a limited number of customers will continue to account for a substantial portion of our revenue in future periods (although these customers have varied and are likely to vary from period to period) until the completion of our Smart Grid platform.

Cost of Revenue and Gross Profit (Loss)

Product cost of revenue consists of third party product costs, including raw materials, component parts and associated freight, and normal yield loss in the period in which we recognize the related revenue. In addition, product cost of revenue may include compensation, benefits and stock-based compensation provided to our personnel, and overhead and other direct costs, which are recognized in the period in which we recognize the related revenue. Further, we recognize certain costs, including logistics costs, expenses for inventory obsolescence, warranty obligations, lower of cost or market adjustments to inventory, and amortization of intangibles, in the period in which they are incurred or can be reasonably estimated.

Service cost of revenue includes compensation and related costs for our yearly maintenance service delivery, customer operations and customer support personnel, facilities and infrastructure cost and depreciation. In accordance with our accounting policies, we recognize service cost of revenue in the period in which it is incurred even though the associated service revenue may be required to be deferred as described under "-Critical Accounting Policies and Estimates-Revenue Recognition."

Our gross profit (loss) varies from period to period based on the volume, average selling prices, and mix of products and services recognized as revenue, as well as product and service costs, expense for warranty obligations, and inventory write-downs. The timing of revenue recognition and related costs, which depends primarily on customer acceptance, can fluctuate significantly from period to period and have a material impact on our gross profit and gross margin results.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses, as well as legal settlement expenses and amortization of acquired intangibles. Personnel-related expense represents a significant component

of our operating expenses.

Sales and Marketing

Sales and marketing expense consists primarily of; compensation, benefits, sales commissions and stock-based compensation provided to our sales, marketing and business development personnel, as well as facility costs and other related overhead; marketing programs, including expenses associated with industry events and trade shows; and travel costs.

General and Administrative

General and administrative expense consists primarily of; compensation, benefits and stock-based compensation provided to our executive, finance, legal, human resource and administrative personnel, as well as facility costs and other related overhead; and fees paid for professional services, including legal, tax and accounting services.

RESULTS OF OPERATIONS

Comparison year ended June 30, 2017 to June 30, 2016

Total Revenue. Total revenue for 2017 was $0 compared to $0 in 2016, representing no sales activity during those periods. Selling, general and administrative expenses for 2017 were approximately $1,310 compared to $18,203 for 2016. The decrease in selling, general and administrative expenses in 2017 as compared 2016 was due to focus on R&D for future projects.

Net Loss from Operations. We incurred a net income of $450,178 in 2016 as compared to a net loss of $ 39,008 in 2017. Other income for 2016 included a gain on the Sale of Assets of $521,338, offset by interest expense of $48,613. There was no income for the year ended June 30, 2017. Operating expenses includet $110,702 of stock based compensation for the years ended June 30, 2016, respectively, and also included depreciation and amortization, non-cash expenses, in the amount of $1,662,002 for the year ended June 30, 2016.

Compensation and consulting expenses decreased approximately $0 for the comparative periods, due to the decrease in reduction in operations and officer compensation.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2017, we had approximately $114 in cash. We have exceeded the line of credit from Mr. Talari for which to pay normal operating expenses. Mr. Talari has continued funding our operations. Mr. Talari has expressed commitment to $1 million dollars of funding; the Company is currently in process of formalizing the agreement. We believe this support will allow our continuation while we attempt to secure other sources of financing to develop our business plan, and increase efforts of our marketing plan. Cash used in operations was $(6,979), which was primarily provided from advances from our majority shareholder.

We anticipate that, depending on market conditions and our plan of operations, we may incur operating losses in the future. We base this expectation, in part, on the fact that we may not be able to generate enough gross profit from our sales and services to cover our operating expenses and increased sales and marketing efforts. Consequently, there remains doubt about the Company's future and sustained profitability.

Recent Accounting Pronouncements

We have reviewed accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the corporation's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration. Those standards have been addressed in the notes to the audited financial statement and in our Annual Report, filed on this Form 10-K.

Critical Accounting Policies

The Company's significant accounting policies are presented in the Company's notes to financial statements for the period ended June 30, 2017 and 2016, which are contained in this filing, the Company's 2016 Annual Report on Form 10-K. The significant accounting policies that are most critical and aid in fully understanding and evaluating the reported financial results include the following:

> The Company prepares its financial statements in conformity with generally accepted accounting principles in the United States of America. These principals require 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. Management believes that these estimates are reasonable and have been discussed with the Board of Directors; however, actual results could differ from those estimates.

The Company issues restricted stock to employees and consultants for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is measurable more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. We did not recognize any impairment losses for any periods presented.

Off-Balance Sheet Arrangements

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as special purpose entities or variable interest entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other limited purposes.

Management Consideration of Alternative Business Strategies

In order to continue to protect and increase shareholder value management believes that it may, from time to time, consider alternative management strategies to create value for the company or additional revenues. Strategies to be reviewed may include acquisitions; roll-ups; strategic alliances; joint ventures on large projects; and/or mergers.

The Company is currently in merger or acquisition negotiations with entities which management believes to be key components of the Smart Grid solutions we envision. Management believes that acquisitions will be a catalyst for advancing the Company’s existing technology to attain greater market share. We are currently in valuation negotiations with the targeted companies; acquisitions will be primarily share exchanges. Additionally, we are seeking capital financing for the purposes of furthering our plan of operations. These negotiations have not advanced, at this point, to an issuance of a letter of intent; however management believes this ongoing strategy will best serve existing shareholders.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not Required.

Item 8. Financial statements and supplementary data

Index to Financial Statements and Financial Statement Schedules

Infrax Systems, Inc.
Consolidated Balance Sheets

	June 30, 2017	June 30, 2016
Assets		
Current assets		
Cash	$ 63	$ 114
Accounts receivable		-
Inventory	6,200	6,200
Loan receivable from affiliate		-
Total current assets	6,263	6.314
Property & equipment, net		0
Intangible property, net		0
Marketable Securities	752,596	752,596
Total Assets	$ 758,859	$ 758,910
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 172,924	$ 171.665
Accrued expenses	134,941	131,449
Notes Payable	92,201	92,201
Convertible Notes payable	111,948	24.090
Notes payable, affiliates	20,687	20,6780
Total current liabilities	532,701	440.083
Non-Current liabilities		
Notes payable to shareholder	342,852	342.862
Total liabilities	875,553	782.944
Stockholders' Equity		
Preferred Stock, 100,000,000 authorized, $.001 par value:		
Series A Convertible: 5,000,000 shares designated; 2,523,624 and 2,523,624 issued and outstanding	2,525	2,525
Series B Convertible: 10,000,000 shares designated; 0 and 13,540 issued and outstanding		-
Common Stock, $.001 par value, 1,900,000,000 shares authorized; 1,693,911,416 and 925,518,595 shares issued and outstanding, respectively	1,411,911	925.520
Additional paid-in capital	12,987,213	13.527.257
Minority interest in subsidiary		-
Accumulated deficit	(14,518,343)	(14.479.336)
Total stockholders' equity	(116,694)	(24.035)
Total Liabilities and Stockholders' Equity	$ 758,859	$ 758.910

The accompanying notes are an integral part of these financial statements.

Infrax Systems, Inc.
Consolidated Statements of Operations

	For the Year Ended June 30,	
	2017	**2016**
Revenues	$ 0	$ 0
Direct costs	0	-
		0
Operating expenses:		
Salaries and benefits	0	0
Stock based compensation	0	0
Professional fees	0	0
General and administrative	1,310	8,207
Amortization and depreciation	32,601	14,347
Total operating expenses	33,911	22,547
Other income (expense):		
Interest expenses	5,097	(48,613)
Gain from sale of assets	0	521,338
Gain from sale of subsidiary	0	0
Gain from debt settlement	0	0
Total other income (expense)	5,097	472,725
Income (loss) before income taxes	(39,008)	450,178
Provision for income taxes	-	-
	(39,008)	450,178
Minority Interest	-	-
Net income (loss)	$ (39,008)	$ 450,178
Earnings (loss) per share:		
Basic and dilutive	$	$ .01
Weighted average shares outstanding		
Basic and dilutive	,	753,829,752

The accompanying notes are an integral part of these financial statements.

Infrax Systems, Inc.
Consolidated Statements of Cash Flows

	For the Year Ended June 30,	
	2017	**2016**
Cash Flows from Operating Activities:		
Net Gain (Loss)	$ (39,008)	$ 450,178
Adjustment to reconcile Net Income to net cash provided by operations:		
Depreciation and amortization	(14,425)	14,347
Stock based compensation		
Amortization of deferred revenue		
Amortization of debt discount	0	
Gain on sale of subsidiary	0	
Gain on debt settlement	0	
Gain on Sale of Assets	0	(521,338)
Changes in assets and liabilities:		
Accounts receivable	0	
Inventory	0	-
Due from affiliate	0	(282)
Prepaid and other	16,283	
Accounts payable	1,259	15,461
Accrued expenses	3,492	48,613
Customer deposits and deferred revenue		
Net Cash (Used) in Provided by Operating Activities	(32,399)	(6,979)
Cash Flows from Investing Activities:		
Purchase of property and equipment		
Net Cash (Used) in Investing Activities	0	0
Cash Flows from Financing Activities:		
Capital Stock - Increase	486,392	0
Additional paid in Capital	(454,044)	0
Related party advances (payments)	0	(7,139)
Net Cash (Used) Provided by Financing Activities	32,348	(7,139)
Net increase/decrease in Cash	(51)	(160)
Cash at beginning of period	114	274
Cash at end of period	$ 63	$ 114
Supplemental cash flow information:		
Interest paid	$ 0	$ 0-
Taxes paid	$ 0	$ 0-
Supplemental Schedule of Noncash Investing and Financing Activities		
Issuance of common stock in satisfaction of accrued compensation	$ 0	$ 0
Issuance of common stock in satisfaction of payables	$ 0	$ 0

The accompanying notes are an integral part of these financial Statement

Infrax Systems, Inc.
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2017 and 2016

1. History of the Company and Nature of the Business

History of the Company

Infrax Systems, Inc. (formerly OptiCon Systems, Inc.) ("the *Company*", *"Infrax"*) was formed as a Nevada corporation on October 22, 2004. On July 29, 2005, the stockholders of the Company entered into an agreement to exchange 100% of the outstanding common stock of the Company, for common and preferred stock of FutureWorld Energy, Inc. (formerly Isys Medical, Inc.), a publicly traded company, at which time, the Company became a wholly owned subsidiary of FutureWorld Energy, Inc..

FutureWorld Energy, Inc. (*"FutureWorld"*), Infrax's parent company, announced its intention to spin off Infrax (formerly OptiCon Systems, Inc.) by the payment of a stock dividend. In connection with the proposed spinoff, Infrax's board of directors approved a stock dividend of 99,118 shares to FutureWorld, its sole shareholder. On August 31, 2007, FutureWorld paid a stock dividend to its stockholders, consisting of 100% of the outstanding common stock of the Company, at the rate of one share of Infrax's stock for every two shares they own of FutureWorld. As of August 31, 2007, Infrax ceased being a subsidiary of FutureWorld.

Nature of Business

Since its inception till September 2009, the Company has been dedicated to selling and/or licensing a fiber optic management software system under the name OptiCon Network Manager, originally developed, and acquired from Corning Cable System, Inc. From inception, the Company has funded its operations with proceeds from the sale of securities and, from 2011, with revenue from sales of products services.

In October 2009, the Company shifted its focus and energies towards the "Smart Grid" energy sector. The Company believes our secure integrated platform will hasten the deployment of all Smart Grid technology for resource constrained small and mid-sized utilities. Infrax's advantage comes from our products ability to enable the creation of a secure platform scalable to deliver a broad set of intelligent Smart Grid initiatives across millions of endpoints for Utilities.

As of June 29, 2010, the Company acquired the assets and management of Trimax Wireless Systems, Inc. ("Trimax"), in exchange for equity and a note payable. The Trimax product line is expected to provide an operating platform and enhanced operating effectiveness to the Infrax smart grid wireless platforms. Furthering our development towards becoming a leader in the emerging smart-grid industry asset management, on April 8, 2011 we acquired a 70% controlling interest in Lockwood Technology Corporation, to supply RFID and asset tracking, among other technology value to our product lines.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company prepares its consolidated financial statements in conformity with generally accepted accounting principles in the United States of America. These principals require 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. Management believes that these estimates are reasonable and have been discussed with the Board of Directors; however, actual results could differ from those estimates.

Use of Estimates

The Company prepares its financial statements in conformity with generally accepted accounting principles in the United States of America. These principals require 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. Management believes that these estimates are reasonable and have been discussed with the Board of Directors; however, actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts and operations of Infrax Systems, Inc., and Lockwood Technology Corporation (70%), net of minority interests (collectively referred to as the "Company"). Accordingly, the assets and liabilities, and expenses of this company have been included in the accompanying consolidated financial statements, and material intercompany transactions have been eliminated.

The Trimax Wireless, Inc. acquisition was effective June 29, 2010. The agreement acquired all the assets and certain liabilities of Trimax Wireless, Inc. As an asset purchase the acquired assets and liabilities are included in the accounts of Infrax Systems, Inc.

The Company acquired a controlling interest (70%) of Lockwood Technology Corporation ("LTC") on May 8, 2011. LTC's activities, during the period of ownership, have been included in the reported consolidated financial statements.

Development Stage Enterprise

The Company, in prior periods, presented financial statements as a development stage enterprise. In the initial years the Company, devoted substantially all of its efforts to raising capital, planning and implementing the principal operations. The Company may continue to incur significant operating losses and to generate negative cash flow from operating activities. The Company's ability to eliminate operating losses and to generate positive cash flow from operations in the future will depend upon a variety of factors, many of which it is unable to control. However, based on current and subsequent events, primarily the acquisitions of Trimax Wireless Systems, Inc. and Lockwood Technology Corporation, management believes that the Company has established the primary business development plan.

Variable Interest Entities

The Company considers the consolidation of entities to which the usual condition (ownership of a majority voting interest) of consolidation does not apply, focusing on controlling financial interests that may be achieved through arrangements that do not involve voting interest. If an enterprise holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary is generally required to consolidate assets, liabilities and non-controlling interests at fair value (or at historical cost if the entity is a related party) and subsequently account for the variable interest as if it were consolidated based on a majority voting interest. The Company has evaluated all related parties, contracts, agreements and arrangements in which it may hold a variable interest. All companies identified have been included in the consolidated financial statements.

Financial Instruments

The Company's balance sheets include the following financial instruments: cash, accounts receivable, notes receivable, inventory, accounts payable and note payable and notes payable to stockholder. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization. The carrying values of the note payable to stockholder approximates fair value based on borrowing rates currently available to the Company for instruments with similar terms and remaining maturities.

The Company measures at fair value its assets and liabilities based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, which include certificates of deposits and money market funds.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2017. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, other current assets, accounts payable, accrued compensation and accrued expenses. The fair value of the Company's notes payable is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

The Company applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on the Company's financial statements.

As of June 30, 2017 and 2016, the fair values of the Company's financial instruments approximate their historical carrying amount.

Cash and Cash Equivalents

The majority of cash is maintained with major financial institutions in the United States. Deposits with these banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed on demand and, therefore, bear minimal risk. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Credit

Accounts receivable consist of amounts due for the delivery of sales or services to its customers. Prepayments on account are recorded as customer deposits, a current liability. An allowance for doubtful accounts is considered to be established for any amounts that may not be recoverable, which is based on an analysis of the Company's customer credit worthiness, and current economic trends. Based on management's review of accounts receivable, no allowance for doubtful accounts was considered necessary. Receivables are determined to be past due, based on payment terms of original invoices. The Company does not typically charge interest on past due receivables.

Inventories

Inventories are stated at the lower of standard cost or market, which approximates actual cost. Cost is determined using the first-in, first-out method. Inventory is comprised of component parts and accessories available for sale. Parts are generally purchased for projects, as minimal inventory is held to supply customers.

Property & Equipment

Property and equipment are recorded at historical cost or acquisition value. Depreciation is computed on the straight-line method over estimated useful lives of the respective assets, ranging from three to five years. The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation and amortization period or the unamortized balance is warranted. Based upon the Company's most recent analysis, management believes that no impairment of property and equipment exists at June 30, 2017 and 2016.

Intangible Property

On June 29, 2010 the Company acquired the assets of Trimax Wireless Systems, Inc., including licenses and trademarks. The purchase price was allocated first to the identifiable assets received, allocating the remaining costs to the intellectual property. The valuation considered future cash flows of the operating intangible assets acquired. The valuation of the intellectual property was limited to the acquisition price, less the fair market value of identifiable assets. The acquisition carrying value of the intellectual property was $6,329,342. Intellectual property has an estimated useful life of 15 years.

On May, 2011 the Company completed the acquisition of controlling interest (70%) in Lockwood Technology Corporation, in exchange for stock and certain considerations (cash and warrants). The shares were issued at the fair market value at the date of the transaction ($1,650,000) and warrants were valued using an option price model ($477,900). The total purchase price, net of cash, notes receivable, and net assets acquired was $1,956,158. The Company recognized an immediate impairment in the amount of $641,008 in consideration of its analysis of future discounted cash flows and industry multiples of the acquired Company, resulting in net intangible assets of $1,315,150. Management's allocation of the purchase price was based on our assessment of the fair market value of the assets acquired, in accordance with Accounting Standard Codification, Topic 805. Fixed assets and other tangible assets were evaluated for market value. There were no identifiable assets that had any significant appreciation or impairment; therefore those assets have been brought over at the historical basis, net of depreciation. The analysis of the intangible values purchased were allocated to the Lockwood customer list (30% or $394,550) and the developed software and licensing technology (70% or $920,600).

Capitalized Software Development Costs

The Company capitalizes software development costs, under which certain software development costs incurred subsequent to the establishment of technological feasibility have been capitalized and are being amortized over the estimated lives of the related products. Capitalization of computer software costs is discontinued when the computer software product is available to be sold, leased, or otherwise marketed.

Amortization begins when the product is available for release and sold to customers. Software development costs will be amortized based on the estimated economic life of the product, anticipated to be 10 years.

Impairment of Long-Lived Assets

Periodically, the Company assesses the recoverability of the Company's intangible assets, consisting of the Trimax acquired intellectual property, OptiCon Network Manager software and its trademark, and record an impairment loss to the extent that the carrying amounts of the assets exceed its fair value. Based upon management's most recent analysis, the Company believes that no impairment of the Company's tangible or intangible assets exist at June 30, 2017 and 2016, as reported. Certain impairments

have been recorded to reflect the net realizable value of the associated assets, based on fair value (inventory) or discounted cash flows (goodwill and intangibles).

Revenue Recognition

The Company is principally in the business of providing solutions for a secure intelligent energy platform that incorporates our secure wireless technology. Contracts include multiple revenue components, comprised of our software licensing, hardware platforms, installation, training and maintenance. In accordance with ASC 605-25 Multiple-Element Arrangements, revenue from licensing the software will be recognized upon installation and acceptance of the software by customers. When a software sales arrangement includes rights to customer support, the portion of the license fee allocated to such support is recognized ratably over the term of the arrangement, normally one year. Revenue from professional services arrangements will be recognized in the month in which services are rendered over the term of the arrangement.

Revenue associated with software sales to distributors is recognized, net of discounts, when the Company has performed substantially all its obligations under the arrangement. Until such time as substantially all obligations under the arrangement are met, software sales are recognized as deferred revenue. Costs and expenses associated with deferred revenue are also deferred. When software sales arrangements include a commitment to provide training and/or other services or materials, the Company estimates and records the expected costs of these training and/or other services and/or materials.

Stock Based Compensation

The Company issues restricted stock to consultants for various services. Cost for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete. The Company recognized consulting expenses and a corresponding increase to additional paid-in-capital related to stock issued for services. Stock compensation for the periods presented were issued to consultants for past services provided, accordingly, all shares issued are fully vested, and there is no unrecognized compensation associated with these transactions.

Shipping Costs

The Company includes shipping costs and freight-in costs in cost of goods sold.

Advertising Costs

The costs of advertising are expensed as incurred. Advertising expenses are included in the Company’s operating expenses. Advertising expense was $0 and $0 for the years ended June 30, 2017 and 2016, respectively

Research and Development

The Company expenses research and development costs when incurred. Indirect costs related to research and developments are allocated based on percentage usage to the research and development.

Income Taxes

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose, referred to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the currently enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

Earnings (Loss) Per Share

Basic EPS is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during each period. Diluted EPS is similarly calculated, except that the denominator includes common shares that may be issued subject to existing rights with dilutive potential, except when their inclusion would be anti-dilutive.

Based on an estimated current value of the Company’s stock being equal to or less than the exercise price of the warrants, none of the shares assumed issued upon conversion of the warrants, nor any of the stock assumed issued under the Company's 2004 Non statutory Stock Option Plan, are included in the computation of fully diluted loss per share, since their inclusion would be anti-dilutive. Convertible preferred shares have been included in the dilutive computation, as if they would have been converted at the end of the period.

	June 30, 2017	June 30, 2016
Earnings (Loss) per share:		
Net Loss	$ (39,008)	$ 450,178
Common shares	1,411,911,416	925,518,595
Common share equivalents		
Dilutive common shares		
Earnings (loss) per share, basic	$ 0.00	$ 0.00
Earnings (loss) per share, dilutive	$ 0	$ 0

Impact of Recently Issued Accounting Pronouncements

The Company reviews new accounting standards as issued. No new standards had any material effect on these financial st atements. The accounting pronouncements issued subsequent to the date of these financial statements that were considered significant by management were evaluated for the potential effect on these consolidated financial statements. Management does not believe any of the subsequent pronouncements will have a material effect on these consolidated financial stateme nts as presented and does not anticipate the need for any future restatement of these consolidated financial statements bec ause of the retro-active application of any accounting pronouncements issued subsequent to June 30, 2017 through the dat e these financial statements were issued.

3. Going Concern

As of June 30, 2017, the Company has a working capital deficit and has incurred a loss from operations and recurring losses since its inception resulting in a significant accumulated deficit. As of June 30, 2017, the Company had negative working capital in excess of $32,399, and approximately $63 in cash with which to satisfy any future cash requirements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company depends upon capital to be derived from future financing activities such as loans from its officers and directors, subsequent offerings of its common stock or debt financing in order to operate and grow the business. There can be no assurance that the Company will be successful in raising such capital. The key factors that are not within the Company's control and that may have a direct bearing on operating results include, but are not limited to, acceptance of the Company’s business plan, the ability to raise capital in the future, to continue receiving funding from its officers, directors and shareholders, the ability to expand its customer base, and the ability to hire key employees to grow the business. There may be other risks and circumstances that management may be unable to predict.

4. Property and Equipment

Property and equipment consists of the following:

	June 30, 2017	June 30, 2016
Office and computer equipment	$ 0	$ 0
Furniture and fixtures	0	0
Computer software	190,862	190,862
		0
Accumulated depreciation	(190,862)	(190,862)
	$ 0	$ 0

For the years ended June 30, 2017 and 2016 the total depreciation expense charged to operations totaled $0 and $0, respectively.

During the years ended June 30, 2017 and 2016, the Company did not allocate any direct labor costs, and indirect costs and expenses to this effort. The capitalized software costs are amortized when the software is actually sold to customers. Amortization is provided based on the number of software units sold relative to the number of expected to be sold during the software’s economic life. At June 30, 2017 and 2016 amortization expense was $0 and $0, respectively.

TriMax intellectual property

On June 29, 2010 the Company acquired the assets of Trimax Wireless Systems, Inc., including licenses and trademarks. The purchase price was allocated first to the identifiable assets received, allocating the remaining costs to the intellectual property. The valuation considered future cash flows of the operating intangible assets acquired. The valuation of the intellectual property was limited to the acquisition price (valuation of stock consideration and note payable), less the fair market value of identifiable assets. The shares issued in exchange for the acquired property were valued at the fair market value of the equivalent common stock as of the date of closing. The acquisition carrying value assigned to the intellectual property was $6,329,342. At June 30, 2017 and 2016 amortization expense was $1,180,044 and $1,287,324, respectively.

TriMax software

Software development costs, in the amount of $180,020, were acquired in the Trimax acquisition. The proprietary software was an identified asset of the acquisition and valued at cost. The capitalized software is available for sale and is to be amortized over a 5 year period. At June 30, 2017 and 2016 amortization expense was $25,717 and $25,717, respectively.

Lockwood Technology Corporation

On June 30, 2011 the Company completed the acquisition of controlling interest in Lockwood Technology Corporation, a leading RFID software and hardware solutions provider, from Daedalus Capital, LLC. Infrax Systems acquired 70% interest in exchange for stock and certain considerations, including a $50,000 note receivable (due in 180 days) from the sellers to Infrax and $112,000 in cash received by Infrax at closing. Additionally, warrants were issued for the purpose of possible future investment capital, to be received by Infrax. Shares were issued at the fair market value at the date of the transaction ($1,650,000). The total purchase price, net of cash, notes receivable, and net assets acquired was $1,956,158 and was allocated to goodwill. The Company recognized an immediate impairment in the amount of $641,008 in consideration of its analysis of future discounted cash flows and industry multiples of the acquired Company, resulting in a net intangible assets of $1,315,150. Infrax also plans to utilize their expertise in future smart grid deployment projects. Management's allocation of the purchase price was based on our assessment of the fair market value of the assets acquired, in accordance with Accounting Standard Codification, Topic 805. Fixed assets and other tangible assets were evaluated for market value. There were no identifiable assets that had any significant appreciation or impairment; therefore those assets have been brought over at the historical basis, net of depreciation. The analysis of the intangible values purchased were allocated to the Lockwood customer list (30% or $394,550) and the developed software and licensing technology (70% or $920,600).

5. Accrued Expenses

Accrued expenses at June 30, 2017 and 2016 were as follows:

	June30, 2017	June 30, 2016
Accrued salaries and related expenses	$ 125,870	$ 125,870
Accrued interest	9,071	5,579
Accrued expenses	92,200	92,200
	$ 227,141	$ 223,649

6. Debt Agreements

The Company has a Master Note Agreement, as an unsecured line of credit, from Mr. Sam Talari. The Master Note is for operational capital, in the amount of $350,000 and is non-interest bearing. Mr. Talari has pledged additional funding for operating capital, up to $500,000 as evidenced by agreement. Subsequent to the year end, Mr. Talari has pledged a total of $1 million dollars, under the same terms as the original Master Note.

7. Notes payable

Notes payable consist of the following as of June 30, 2017

	June 30, 2017	June 30, 2016
Convertible Notes Payable	$ 111,948	$ 110,090

Less current portion	(111,948)	(110,090)
Long-term portion	0	0

8. Related Parties Disclosures

Employment Agreements

The following agreements are with Shareholders, Directors and Members of the Board:

Sam Talari

Effective August 1, 2009, the Company entered into a three-year employment agreement with Sam Talari, one of the Company's directors. The agreement was automatically renewed for an additional one-year period, and subsequently renewed by the Board for an additional one-year period through July 31, 2014. The Agreement provides for (a) a base salary of $15,000 per month, (b) a signing bonus equal to one month salary, (c) four weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees.

John Verghese

On October 19, 2010, as amended January 1, 2010, the Company entered into a three-year employment agreement with John Verghese as Director of Product Development, one of the Company's directors. The Agreement provides for (a) a base salary of $6,500 per month, (b) a signing bonus of $10,000, (c) three weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees. Mr. Verghese works part time since January 2014.

Terry Gardner

On April 2nd, 2012, the Company entered into a three-year employment agreement with Terry Gardner as VP of Professional Services. The Agreement provides for (a) a base salary of $10,000 per month, (b) a signing bonus of $30,000, (c) three weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees. Mr. Gardner works part-time since January 2014.

Karin Rohret

On January 2nd, 2010, the Company entered into an employment agreement with Karin Rohret as part-time Controller. The Agreement provides for (a) a base salary of $1,101.67 per month, (b) a signing bonus of $20,000 by the way of Company's common stock within 30 days of signing the agreement. The salary was adjusted to $1,950 on January 2012 as the position required additional hours.

Other employment agreements exist with employees. As of June 30, 2017 and 2016, the accrued compensation under the employment agreements was $125,870 and $125,870, respectively. These amounts are included in the accrued expenses.

Line of Credit, Master Agreement

On September 1, 2005, Mr. Sam Talari, one of the Company's directors, agreed to make advances to the Company as an interim unsecured loan for operational capital up to a maximum of $350,000, evidenced by a non-interest bearing master promissory note, based on amounts advanced from time to time, payable annually. Mr. Talari has pledged additional funding for operating capital, up to $500,000, under the same terms as the original Master Note. Mr. Talari, from time to time, has converted advances and accrued interest in exchange for equity shares. Mr. Talari continued making advances to the Company on the loan, of which $342,852 and $342,852 remains outstanding at June 30, 2017 and 2016, respectively.

Accounts Payable

Trade payables, these amounts are considered liquid and if payment is not made, may be formally converted in the form of a

note. The Company currently has an aggregate of $172,924 and $171,665 due as of June 30, 2017 and 2016.

Stock Transactions

N/A

9. Stock Options and Warrants

N/A

10. Stock Option Plan

On October 22, 2004, the Company adopted a 2004 Non-statutory Stock Option Plan (*"Option Plan"*) for the benefit of its key employees (including officers and employee directors), consultants and affiliates. The Option Plan is intended to provide those persons who have substantial responsibility for the management and growth of the Company with additional incentives and an opportunity to obtain or increase their proprietary interest in the Company, encouraging them to continue in employment.

On October 2, 2009, the Company adopted a 2009 Employees and Consultants Stock Compensation Plan ("Stock Plan") for the benefit of employees and consultants (including officers and employee directors). The Stock Plan is intended to provide those persons who have substantial responsibility for the management and growth of the Company with additional incentives and an opportunity to obtain or increase their proprietary interest in the Company, encouraging them to continue in employment, and to pay independent consultants that perform services to the Company. The Board of Directors authorized 10,000 shares (adjusted for reverse split) of the Company's common stock to be set aside, which may be issued under the Stock Plan.

On July 2013, the Company adopted a 2013 Stock Incentive Plan and Management Incentive Bonus Plan ("The Plan") to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Management Incentive Bonus Plan (the "Plan") is to advance the interests of Infrax Systems, Inc. (the "Company") by providing Participants (defined below) of the Company and its designated Subsidiaries (defined below) with additional incentive to promote the success of the business and to increase their vested interest in the success of the business and the Company, and to encourage them to remain employees, through the making of certain incentive cash bonus awards (the "Awards") linked to objectively determinable performance goals. The Awards granted under the Plan are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that any Award is subject to Section 409A, then the Plan as applied to that Award shall be interpreted and administered so that it is consistent with such Code section. The Board of Directors authorized 10,000,000 shares of the Company's common stock to be set aside, which may be issued under the Plan.

11. Income Taxes

Income tax benefit resulting from applying statutory rates in jurisdictions in which the Company is taxed (Federal and State of Florida) differs from the income tax provision (benefit) in our financial statements. The following table reflects the reconciliation for the years ended June 30, 2017 and 2016:

	Year Ended June 30,	
	2017	**2016**
Federal at federal statutory rate	(34.0)%	(34.0)%
State, net of federal deduction	(3.3)%	(3.3)%
Change in valuation allowance	37.3%	37.3 %
Effective tax rate	0.0%	0.0 %

The income tax provision differs from the amount of tax determined by applying the federal statutory rate as follows:

	Year Ended June 30,	
	2017	**2016**
Income tax benefit at statutory rate	$	$
Increase (decrease) in income taxes due to:		
Change in valuation allowance		
	$ -	$ -

The Company has not recognized an income tax benefit for its operating losses generated through June 30, 2017 or 2016 based on uncertainties concerning the Company's ability to generate taxable income in future periods. The tax benefit is offset by a valuation allowance established against deferred tax assets arising from operating losses and other temporary differences, the realization of which could not be considered more likely than not. In future periods, tax benefits and related deferred tax assets will be recognized when management considers realization of such amounts to be more likely than not.

For income tax purposes the Company has available a net operating loss carry-forward of approximately $15,000,000 from inception to June 30, 2017, which will expire, unless used to offset future federal taxable income beginning in 2024. The tax years for June 2011, 2012, 2013 and 2014 are open for examination by state and federal agencies.

12. Capital Equity

The Company has issued convertible preferred shares. Shares are convertible into the Company's common stock, at the option of the holder, at the prescribed conversion rate. Conversions are as follows:

	Shares Outstanding	Conversion Rate to Common
Preferred Series A	2,400,000	375
Preferred Series A1	8,889	89
Preferred Series A2	88,889	20
Preferred Series A3	25,846	16
Preferred Series B1	830	300
Preferred Series B2	1,210	300
	2,525,664	

The above conversion rates are reported retroactive to the reverse stock split.

13. Commitments and Contingencies

Lease/Rental Agreements

Rent expense for the years ended June 30, 2017 and 2016 amounted to $0 and $0, respectively. Infrax Systems Inc occupies a small office in a complex rented by affiliate companies and is not being charged rent at the current time.

Foreign Currency Translation

The balance sheets of the Company's foreign subsidiaries are translated at period-end rates of exchange, and the statements of earnings are translated at the weighted-average exchange rate for the period. Gains or losses resulting from translating foreign currency financial statements are included in accumulated other comprehensive income (loss) in the consolidated statements of stockholders' equity and comprehensive income. At June 30, 2017 and 2016 no foreign currency translation was conducted due to the immaterial nature of its subsidiary's balance sheet.

Legal Matters

From time to time the Company may be a party to litigation matters involving claims against the Company. Management believes that there are no current matters that would have a material effect on the Company's consolidated financial position or results of operations as of June 30, 2017 and 2016.

15. Subsequent Events

Infrax Systems closed a transaction with HempTech Corp to sell its OptiCon Management System and TRIMAX IP.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

N/A

Item 9A. Controls and Procedures.

Not applicable.

Item 9A (T). Controls and Procedures

Disclosure Controls

As of June 30, 2017 we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. This evaluation was done under the supervision and with the participation of our management, including our President and Chief Financial Officer. Based on this evaluation of our disclosure controls and procedures (as defined in the Exchange Act Rule 13a-15e), our President and Chief Financial Officer have concluded that as of June 30, 2017 such disclosure controls and procedures were not effective.

Report on Internal Controls

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; provide reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and provide reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Pursuant to Rule 13a-15d of the Exchange Act, management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (1992) and Internal Control Over Financial Reporting Guidance for Smaller Public Companies (2006), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of June 30, 2017.

- We do not have adequate personnel and other resources to assure that significant and complex transactions are timely analyzed and reviewed.
- We have limited personnel and financial resources available to plan, develop, and implement disclosure and procedure controls and other procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.
- Our limited financial resources restrict our employment adequate personnel needed and desirable to separate the various receiving, recording, reviewing and oversight functions for the exercise effective control over financial reporting.
- Our limited resources restrict our ability to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

This annual report does not include an attestation report of the company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the company’s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management’s report in this annual report.

Changes in Controls and Procedures

There were no significant changes made in our internal controls over financial reporting during the year ended June 30, 2017 that have materially affected or are reasonably likely to materially affect these controls. Thus, no corrective actions with regard to significant deficiencies or material weaknesses were necessary.

Limitations on the Effectiveness of Internal Control

Our management, including the President, does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations on all internal control systems, no evaluation of controls can provide

absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, and/or by management override of the control. The design of any system of internal control is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in circumstances, and/or the degree of compliance with the policies and procedures may deteriorate. Because of the inherent limitations in a cost-effective internal control system, financial reporting misstatements due to error or fraud may occur and not be detected on a timely basis.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table identifies our directors and executive officers, their ages, the positions each holds and, if a director, the first year he became a director.

Name	Age	Position (s)	Director since
Sam Talari	56	Chairman	2004

Mr. Talari has been one of our directors since 2004. Mr. Talari became our Chairman on June 1, 2008, and our Acting Chief Executive Officer on November 21, 2008. Mr. Talari's employment during the five year period prior to this annual report, and for certain years before that period, is as follows:

- 1994 – 1999 – Mr. Talari ran Compusite Corporation, one of the first Internet solutions providers in the nation to offer large spectrum of value added services to companies seeking greater presence on the Internet. He assisted Compusite to grow from no revenue to a multi-million dollar company.

- 1999 to Present – Mr. Talari founded FutureWorld Energy, Inc., (formerly Isys Medical, Inc.) and serves since inception as one of FutureWorld Energy's directors. FutureWorld Energy is a diversified energy holding company, owning and seeking disrupted technologies in the renewable and alternative energy industry globally.

- 2001 to Present – Mr. Talari founded and manages FutureTech, a venture capital firm that invests in high technology start up enterprises.

Mr. Talari attended the University of New Hampshire, where he studied computer science and mathematics. He earned a bachelor's degree from the University of Massachusetts at Lowell in computer science, engineering and mathematics and took master studies in finance.

Section 16(a) Beneficial Ownership Reporting Compliance.

No person who at any time during the fiscal year, was a director, officer, beneficial owner of more than ten percent of our common stock has furnished to us Forms 3, 4 and 5, and amendments thereto, or filed such reports and amendments with the U.S. Securities and Exchange Commission, during our 2017 or 2016 fiscal year.

Code of Ethics.

On July 1, 2005, we adopted the Code of Ethics governing all employees, officers and directors. During the year ended June 30, 2017, no amendments to or waivers of the provisions of the Code of Ethics were made with respect to any of our directors or executive officers. We will provide a copy of the Code of Ethics to shareholders without charge upon written request to Mr. Sam Talari, Chief Executive Officer, 10901 Roosevelt Blvd N, Suite C 1000, St. Petersburg, FL 33716. We have posted our Code of Ethics on our website http://www.infraxinc.com/about-us/investor-relations/, and will disclose future amendments to, or waivers from, the Code of Ethics on our website within four business days following the date of such amendment or waiver.

Audit committee.

We do not have an audit committee.

Procedures for stockholders to nominate directors.

We have not adopted any procedures whereby stockholders may nominate persons for election as directors.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The goal of our named executive officer compensation program is the same as our goal for operating the company—to create long-term value for our shareowners. Toward this goal, we have designed and implemented our compensation programs for our named executives to reward them for leadership excellence, to align their interests with those of our shareowners and to encourage them to remain with the company for long and productive careers. Most of our compensation elements simultaneously fulfill one or more of our performance, alignment and retention objectives. These elements consist of salary, bonus, and equity incentive compensation. In deciding on the type and amount of compensation for each executive, we focus on both current pay and the opportunity for future compensation. We combine the compensation elements for each executive in a manner we believe optimizes the executive's contribution to the company.

Compensation Objectives

Performance. Our two executives' who are identified in the Summary Compensation Table, (whom we refer to as our named executives) have held different positions with increased levels of responsibility over the period that they have served the Company. The amount of compensation for each named executive reflects his management experience, performance and service. A key element of compensation is equity incentive compensation in the form of our common stock, and participation in our Non statutory Stock Option Plan, although no shares have been granted to date.

We believe that the compensation of our executives should reflect their success in attaining our key objectives. Our key objectives are currently: (i) attracting qualified individuals to enhance our management team, (ii) establishing strategic business relationships, (iii) raising capital, and (iv) develop our marketing plan. The key individual factors for each executive include but are not limited to: (i) the value of their skills and capabilities, (ii) performance of their management responsibilities, (iii) whether that individuals is capable to assuming greater responsibilities, (iv) leadership qualities, (v) tenure and career experience, (vi) current compensation arrangements, (vii) long-term potential to enhance shareholder value, and (viii) contribution as a member to our executive management team.

We allocate compensation between cash compensation and equity based compensation. We provide cash compensation in the form of base salaries to meet competitive salary norms and reward performance on an annual basis, if warranted. Base salary is designed to reward annual achievements and be commensurate with the executive's scope of responsibilities, demonstrated leadership abilities, and management experience and effectiveness. Our other elements of compensation focus on motivating and challenging the executive to achieve superior, longer-term, sustained results. We provide non-cash compensation in the form of equity incentive arrangements to retain and attract key individuals and to reward performance against specific objectives and long-term strategic goals.

Alignment. We seek to align the interests of the named executives with those of our investors by evaluating executive performance on the basis of key financial measurements which we believe closely correlate to long-term shareowner value. A key element of compensation that aligns the interests of our executives with shareowners is equity incentive compensation, and providing the executives the ability to convert a portion of their compensation into common shares, both of which increases the executive's stake in the Company.

Implementing Our Objectives

Base Compensation. Base compensation amounts for our executive officers are set pursuant to written agreements. When setting base salary, the Board reviews a number of factors, including but not limited to executives of similar position, responsibility, experience, qualifications and performance, which allows us to recruit and retain qualified executives.

Stock Option Grants. The Board of Directors has the authority to select individuals who are to receive options under the Plan and to specify the terms and conditions of each option so granted (incentive or nonqualified), the exercise price (which must be at least equal to the fair market value of the common stock on the date of grant with respect to incentive stock options), the vesting provisions and the option term.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation we have paid to (i) our current and former chief executive officers during the last fiscal year, (ii) our two most highly compensated other executive offers who were executive officers at the end of the last fiscal year whose compensation exceeded $100,000 and (iii) our two most highly compensated other executive officers who were not executive officers at the end of the last fiscal year whose compensation exceeded $100,000.

Name and principal position	Year	Salary	Bonus	Stock Award	All other compensation	Total
Sam Talari, Acting CEO & Co-Chairman	2016	$ 0	-0-	-0-	-0-	$ 0
	2016	$ 180,000	-0-	-0-	-0-	$ 180,000

Compensation is in the form of one or a combination of cash, stock or as an unpaid accrual.

EMPLOYMENT AGREEMENTS

Sam Talari

Effective August 1, 2009, the Company entered into a three-year employment agreement with Sam Talari, one of the Company's directors. The agreement was automatically renewed for an additional one-year period, and subsequently renewed by the Board for an additional one-year period through July 31, 2013. The Agreement provides for (a) a base salary of $15,000 per month, (b) a signing bonus equal to one month salary, (c) four weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees.

John Verghese

On October 19, 2010, as amended January 1, 2010, the Company entered into a three-year employment agreement with John Verghese as Director of Product Development, one of the Company's directors. The Agreement provides for (a) a base salary of $6,500 per month, (b) a signing bonus of $10,000, (c) three weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees.

Terry Gardner

On April 2nd, 2012, the Company entered into a three-year employment agreement with Terry Gardner as VP of Professional Services. The Agreement provides for (a) a base salary of $10,000 per month, (b) a signing bonus of $30,000, (c) three weeks' vacation within one year of the starting date, and (d) all group insurance plans and other benefit plans and programs made available to the Company's management employees.

COMPENSATION OF DIRECTORS

Directors who are Company employees receive no additional or special remuneration for serving as directors. Presently, we do not provide compensation to outside directors.

OTHER INFORMATION REGARDING THE BOARD OF DIRECTORS

There are no family relationships between the directors or executive officers. All of the actions by the Board of Directors during the year were taken by consent resolutions and written actions in lieu of meetings.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth the number of our shares of common stock owned by:

— each of our directors and executive officers, at September 19, 2016;
— our directors and executive officers as a group, at September 19, 2016; and
— other persons, including their addresses, and groups, if any, we have learned own or control more than five percent of our issued and outstanding common stock as of a recent date.

The address of our directors and executive officers is our address. Except as noted in the following table, we are not aware of any other person or *"group"*, as defined in the Regulation S-K, who owned five percent or more of our common stock at September 29, 2014. We have no reason to believe that each person identified in the table does not have sole voting and investment power over the shares he owns, except as noted.

Name	Number of Shares (a)	Percent of Ownership
Sam Talari (b)	73,329,455	7%
Paul J. Aiello	8,058,438	0.7%
Malcolm F. Welch	274,127	0.01%
John Verghese	6,121,200	0.5%
All directors and officers as a group (4 persons)	87,783,220	19.01%

_____

(a) Shares stated reflect post reverse split.
(b) Mr. Talari owns shares beneficially, the legal ownership being held by Talari Industries which is owned entirely by Mr. Talari.

STOCK OPTION PLAN

We have adopted a 2004 Non Statutory Stock Option Plan to reward and provide incentives to our key employees, who may include our directors who are also employees and our officers, as well as consultants and affiliates. The following table provides certain information about the plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plan approved by security holders	None	Not applicable	None
Equity compensation plan not approved by security holders	None	Not applicable	None

Item 13. Certain Relationships and Related Transactions, and Director Independence

During the fiscal years 2016 and 2016, we have not entered into any transactions with our directors and executive officers, outside of normal employment transactions, or with their relatives and entities they control.

We do not anticipate entering into any future transactions with our directors, officers and affiliates.

There are no family relationships between the directors or executive officers.

Item 14. Principal Accountant Fees and Services

N/A

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant cause this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Infrax Systems, Inc.
(Registrant)

Date: 01/09/18

By: */s/ John Verghese*
John Verghese
Principal Executive Officer

Date: 01/09/18

By: */s/ Sam Talari*
Sam Talari
Principal Financial & Accounting Officer