

MEDIATECHNICS CORPORATION
CONSOLIDATED BALANCE SHEET
UNAUDITED
At DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:

Cash	\$ 47,636
Inventory	2,242
Marketable securities held for sale	-
Total current assets	<u>49,878</u>
Note receivable	438,810
Accrued interest on note receivable	281,320
Furniture & equipment-net	17,762
Intellectual property - net	1,154,683
Total assets	<u><u>\$1,942,453</u></u>

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	803,611
Loans from officers	50,790
Loans from others	351,731
Total current liabilities	<u>1,206,132</u>
Notes payable	78,000
Contingencies	200,000
Convertible debenture	278,675
Total liabilities	<u>1,762,807</u>

STOCKHOLDERS' EQUITY

Preferred stock	1,403
Common stock	1,303,832
Paid in capital	2,697,958
Noncontrolling interest	(7,529)
Accumulated deficit	(3,816,018)
Total stockholders' equity	<u>179,646</u>
Total liabilities and stockholders' equity	<u><u>\$1,942,453</u></u>

See accompanying notes to these unaudited consolidated financial statements.

MEDIATECHNICS
CONSOLIDATED INCOME STATEMENT
UNAUDITED

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Sales revenue	\$ 12,245	\$ 35,779	\$ 12,245	\$ 56,383
Cost of revenue	1,397	29,332	1,397	42,814
Gross profit	<u>10,848</u>	<u>6,447</u>	<u>10,848</u>	<u>13,569</u>
Operating expenses:				
General and administrative	140,041	3,108	155,891	5,306
Officer compensation	39,000	39,000	78,000	78,000
Marketing expenses	(7,773)	1,386	67,398	1,386
Travel & entertainment	5,064	1,077	7,250	6,061
Professional fees	238,792	21,761	320,952	29,651
Rent & utilities	518	693	1,194	1,293
Amortization and depreciation	9,840	9,991	19,680	19,983
Total operating expenses	<u>425,482</u>	<u>77,016</u>	<u>650,365</u>	<u>141,680</u>
Loss from operations	<u>(414,634)</u>	<u>(70,569)</u>	<u>(639,517)</u>	<u>(128,111)</u>
Other income (expense):				
Interest income	14,560	13,595	28,797	26,889
Interest expense	(6,915)	(5,236)	(12,502)	(11,007)
Gain on settlement		11,000		22,425
Reserve for settlements	-	-	-	(46,935)
Gain (loss) on sale of securities	(44,204)	(296)	(197,008)	61
Total other income (expense)	<u>(36,559)</u>	<u>19,063</u>	<u>(180,713)</u>	<u>(8,567)</u>
Net loss	<u>\$ (451,193)</u>	<u>\$ (51,506)</u>	<u>\$ (820,230)</u>	<u>\$ (136,678)</u>

See accompanying notes to these unaudited consolidated financial statements

MEDIATECHNICS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
UNAUDITED

	Preferred Shares	Preferred Amount	Common Shares	Amount	Paid-In Capital	Noncontrolling Interest	Accumulated Deficit	Total
Balance at June 30, 2015	1,414,645	\$ 1,422	1,244,703,469	\$1,244,704	\$ 2,495,438	\$ -	\$ (2,989,887)	\$ 751,677
Issuance of Preferred Class M for debt	29,000	29			155,971			156,000
Cancellation of Preferred Class G	(32,500)	(33)			33			-
Issuance of Class M Preferred for Class G Preferred	6,500	-			-			-
Issuance of Preferred Class M for services	2,592	3			15,497			15,500
Issuance of Preferred Class Z for interest	1,268	1			7,599			7,600
Issuance of Common Stock in exchange for conversion of Class X Convertible Preferred Stock	(19,000)	(19)	59,128,000	59,128	(59,109)			-
Issuance of noncontrolling interest in subsidiary - cash received in excess of proportionate net asset value					82,529	(7,529)		75,000
Net loss							(826,131)	(826,131)
Balance at December 31, 2015	<u>1,402,505</u>	<u>\$ 1,403</u>	<u>1,303,831,469</u>	<u>\$1,303,832</u>	<u>\$ 2,697,958</u>	<u>\$ (7,529)</u>	<u>\$ (3,816,018)</u>	<u>\$ 179,646</u>

See accompanying notes to these unaudited consolidated financial statements.

MEDIATECHNICS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

	For the six months ending December 31,	
	2015	2014
OPERATING ACTIVITIES		
Net loss for the period	\$ (826,131)	\$ (136,
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	19,680	19,
Loss on sale of marketable securities	197,008	
Issuance of preferred stock for services	15,500	
Issuance of preferred stock for interest	7,600	7,
Changes in assets and liabilities:		
Inventory	(2,067)	1,
Accrued interest receivable	(28,796)	(26,
Accounts receivable	-	(30,
Accounts payable	487,541	112,
Contingencies	-	50,
Net cash used in operating activities	(129,665)	(3,
INVESTING ACTIVITIES		
Proceeds from sale of marketable equity securities	103,748	53,
Purchase of fixed assets	(3,023)	(1,
Development of intellectual property	(544,297)	(30,
Net cash (used in) provided by investing activities	(443,572)	22,
FINANCING ACTIVITIES		
Proceeds from loans from officers	38,691	15,
Proceeds from loans from others	281,378	
Repayments of notes payable	(52,000)	
Proceeds from convertible notes payable	200,675	
Proceeds from issuance of noncontrolling interest	75,000	
Net cash (used in) provided by financing activities	543,744	15,
INCREASE IN CASH	(29,493)	34,
CASH, BEGINNING OF PERIOD	77,129	6,
CASH, END OF PERIOD	\$ 47,636	\$ 41,

See accompanying notes to these unaudited consolidated financial statements.

**For the Fiscal Quarters ended December 31, 2015 and 2014
(unaudited)**

1) THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company was originally incorporated in the state of Nevada on February 26, 1987 and has had different names and operations during its history. The Company is currently operating as a consultant and developer of advertising websites and applications for the cannabis industry, developing the BlazeNow website and mobile applications. The Company is actively searching for further business opportunities in the legal cannabis industry.

On June 13, 2011, the Board of Directors and persons having a majority of the voting power entitled to vote, voted to file Amended and Restated Articles of Incorporation reaffirming the actions of June 18, 2009, and reaffirming existing designations and removing obsolete designations of preferred.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments, which are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the quarter ended December 31, 2015. Significant adjustments may be required to conform the financial statements to Generally Accepted Accounting Principles (GAAP) should management choose to seek to have the statements audited.

Acquisitions

On September 19, 2013, the Company acquired all of the outstanding Common Stock shares of Evergreen Systems Incorporated, "ESI" from its shareholders resulting in ESI becoming a wholly owned subsidiary of the Company.

As consideration for the acquisition of ESI, ESI's shareholders were issued 69,071 shares of Class M Convertible Preferred Stock ("Class M Stock") valued at \$386,798 as consideration for 4,000,000 common shares of Praxsyn Corporation fka PAWS Pet Company, Inc. trading under the symbol "PXYN" on the OTC Markets valued at \$196,000 and intellectual property in the form of a business and marketing plan valued at \$190,798.

Principles of Consolidation

The Company's consolidated financial statements include the assets, liabilities and operating results of its wholly owned subsidiary since formation of these entities. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash & Cash Equivalents

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

Financial Instruments

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits, accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

Income Taxes

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

2) INVESTMENT IN MARKETABLE SECURITIES AVAILABLE-FOR-SALE

Marketable Securities

In accordance with FASB 115, the Company is required to report the equity securities held as investments as marketable securities available-for-sale because they can be sold. The Company intends to utilize any proceeds realized from any future sale of equity securities held as investments for payment of expenses related to its operations. Marketable securities available-for-sale are reported at cost and adjusted on the Company's balance sheet for unrealized gains or losses in those securities during reporting periods. There were no marketable securities held for sale at December 31, 2015.

3) NOTES RECEIVABLE

On November 30, 2009, the Company sold all of its interest in MTS/MMC, and issued 100,000 shares of Class M Convertible Preferred Stock (Class M Stock"), to its former president, Richard Wilson and cancelled all shares of all other classes and series of stock held by Mr. Wilson. As part of this transaction the Company received a \$388,800 personal note from Mr. Wilson accruing interest at 9% per annum due December 1, 2012 and subsequently extended until December 31, 2015. The Company also retains an additional receivable from Mr. Wilson in the amount of \$50,010. During the fiscal quarter ended December 31, 2015 the Company earned interest on the note in the amount of \$14,560. At December 31, 2015 notes receivable were \$438,810 and accrued interest on the notes was \$281,320.

4) INTELLECTUAL PROPERTY – NET

The Company has three types of intellectual property described as follows:

Business & Marketing Plans

Acquired in the Evergreen Systems Inc. acquisition on September 19, 2013 as part of the allocated purchase price. The Company began generating revenue from these plans during the quarter ended September 30, 2014. The Plans are being amortized over five years starting April 1, 2014 in the amount of \$9,840 per quarter.

Lighting Development

Research and Development costs incurred to develop and bring proprietary growing lights to market that emit a spectrum of light customized for optimal photosynthesis without generating high levels of heat.

Website/Mobile Application Development

Research and Development costs to develop the BlazeNow website and mobile applications which are intended to provide product and location specific advertising as well as a mutually beneficial consumer review system for dispensaries and other Cannabis related businesses.

Net Intellectual Property is comprised of the following:

	Cost	Accumulated Amortization	Net
ESI Business & Marketing Plans	190,798	68,880	121,918
Lighting Development	123,000	0	123,000
Website development	909,764	0	909,764
	1,223,562	68,880	1,154,682

5) CONTINGENT LIABILITIES AND LITIGATION

Amounts set aside for contingent liabilities as a result of pending litigation, if any, or disputed judgments are not held in cash but rather, have been charged as liabilities against profit and loss, in advance, in the event that the Company is actually obligated to pay that amount as a result of losses in such pending litigation or undomesticated judgments that are finally domesticated in Nevada. If, ultimately, the Company is successful in defending itself against pending litigation or parties holding undomesticated judgments, the contingent liabilities will be removed and the amounts previously charged to profit and loss will be credited to income.

Management has set aside \$200,000 as a Contingency for legal fees or other expenses that may become necessary in order to defend against any claims related to the Company's defunct mortgage operations.

There is a default judgment on file against the Company in Alameda County, California of approximately \$182,436. The Company is not domiciled in California, has made no appearance in California regarding this matter and intends to vigorously fight any attempt to domesticate the default judgment in Nevada. The Company believes that it is not a proper party to the action and that the courts of the State of California do not have personal jurisdiction over the Company and intends to aggressively fight any attempt to subject it to the jurisdiction of the California court system and intends to file any motions that may become necessary to quash service for lack of personal jurisdiction. On January 13, 2015 the California court denied plaintiff's motion to require the Company to assign a note receivable to plaintiff. The motion was denied on the grounds that the plaintiff had not made diligent efforts to collect by obtaining a Nevada Judgment.

The Company previously was defending a lawsuit in the Superior Court for the County of Alameda arising from the claim of the aforementioned default judgment. On January 23, 2015 the plaintiff filed a request for dismissal with prejudice of the entire complaint, against all parties and for all causes of action. On February 5, 2015 the clerk of the court filed the dismissal and mailed a copy to the Plaintiff's counsel on February 10, 2015. Management received copies of the dismissal request, the entry of the dismissal and the mailing on February 19, 2015.

In light of the dismissal, the Company's motion to quash based on lack of jurisdiction is moot and Management intends to investigate its options regarding the advisability of any future settlement or further legal action regarding the underlying default judgment.

The Company is currently defending a lawsuit in the Superior Court for the City and County of San Francisco arising from the claim of the estate of a former investment advisor to the Company and former customer of our previously held subsidiary, Silverado Mortgage. The estate claims that the Company is responsible for the alleged promises of its former president, John E Hartman and one of that subsidiaries employees, Dawn Stafford to wit, that they would guarantee, in a verbal agreement, to which the only witness asserting the existence of any such verbal agreement is dead, that the deceased had homeowners' insurance (though our subsidiary was not in the insurance business), that our subsidiary, and consequently the Company, would guarantee that he had homeowners' insurance, forever, regardless of payment. The case has been dismissed as to Dawn Stafford and John E Hartman. The plaintiff appealed that judgment and the judgment was upheld by the appellate court on December 30, 2015. The Company believes that the severing of the chain that begins with Dawn Stafford severs the chain and destroys the plaintiff's case. The Company plans to file a motion to dismiss based on the grounds that the five year time limit to bring the case to trial expired on December 16, 2015.

6) CONVERTIBLE DEBENTURES

During the quarter ended September 30, 2015 the Company's subsidiary, Evergreen Systems Incorporated ("ESI") received proceeds of \$134,675 for the issuance of convertible debt and warrants to third-party investors. The convertible debentures have a face value of \$134,675, accrue annual interest at 3.25%, and mature one year after issuance. If all such instruments were converted, the holders would receive shares comprising 3.8% of the outstanding shares of ESI, which would serve to reduce the Company's ownership in ESI accordingly. The warrants have a two-year contractual term and an aggregate exercise price of \$134,675 which, if exercised, would give the holders an extra 3.7% of the outstanding shares of ESI. The Company has accounted for these notes as debt until they are converted into equity.

During the quarter ended December 31, 2015, ESI received proceeds of \$66,000 for the issuance of convertible debt and warrants to third-party investors. The convertible debentures have a face value of \$66,000, accrue annual interest at 3.25%, and mature one year after issuance. If all such instruments were converted, the holders would receive shares comprising 0.7% of the outstanding shares of ESI. The warrants have a one-year contractual term from the conversion date and an aggregate exercise price of \$25,000 which, if exercised, would give the holders

and extra 0.2% of the outstanding shares of ESI. The Company has accounted for these notes as debt until they are converted into equity.

7) COMMON AND PREFERRED STOCK

Common Stock

On April 16, 2008 the Company amended its Articles of Incorporation with the state of Nevada, changing its name to MediaTechnics Corporation, and increasing its authorized Common Stock shares from 200,000,000 to 470,000,000 and its authorized Preferred Stock from 5,000,000 to 20,000,000 shares.

On June 18, 2009, the Board of Directors, and persons having a majority of the voting power entitled to vote, voted to amend the Articles of Incorporation increasing the number of authorized Common Stock shares from 470,000,000 to 980,000,000.

On May 20, 2013, the Board of Directors, and persons having a majority of the voting power entitled to vote, voted to amend the Articles of Incorporation increasing the number of authorized Common Stock shares from 980,000,000 to 1,479,000,000.

During the quarter ended June 30, 2015 the Company issued 50,000,000 shares of Common Stock in conversion of 5,000 shares of Class M Convertible Preferred Stock and 100,000,000 shares of Common Stock in conversion of 50,000 shares of Class G Convertible Preferred Stock.

The Company has an authorized capitalization of 1,479,000,000 shares of Common Stock with a par value of \$.001. There were 1,244,703,469 Common Stock shares issued and outstanding on December 31, 2015.

Preferred Stock

The Company has an authorized capitalization of 20,000,000 shares of Preferred Stock with a par value of \$.001.

Class D Convertible Preferred Stock

At December 31, 2015 there were 1,000,000 shares of Class D Convertible Preferred Stock ("Class D Stock") authorized and none issued and outstanding.

On September 1, 2011 the Company cancelled all 1,000,000 shares of Class D Convertible Preferred Stock in exchange for 50,000 shares of Class G Convertible Preferred Stock. No further shares of Class D Stock may be issued without the express written consent of a majority of the holders of Class I Convertible Preferred Stock ("Class I Stock") and the amendment of the Certificate of Designation of Class I Stock, specifically allowing for the issuance of additional shares of Class D Stock.

Holders of Class D Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class D Stock during the fiscal quarter ended December 31, 2015.

Class G Convertible Preferred Stock

At December 31, 2015 there were 100,000 shares of Class G Convertible Preferred Stock ("Class G Stock") authorized and no shares issued and outstanding.

Holders of Class G Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class G Stock may only vote on matters concerning the alteration of the specific rights of Class G Stock itself.

Holders of Class G Stock have the right to convert to Common Stock at a ratio of two thousand (2,000) shares of Common Stock per every one (1) share of Class G Stock irrespective of the trading price of the Common Stock.

Holders of Class G Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that

the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

On June 10, 2015 the Company converted and cancelled 50,000 shares of Class G Stock in exchange for 100,000,000 shares of Common Stock.

On August 22, 2015, the Company cancelled the outstanding 32,500 shares of Class G Convertible Preferred Stock in exchange for 6,500 shares of Class M Convertible Preferred Stock.

There were no issuances of Class G Stock during the fiscal quarter ended December 31, 2015 and the Company intends to cancel the Class G designation.

Class H Convertible Preferred Stock

At December 31, 2015 there were 100,000 shares of Class H Convertible Preferred Stock (“Class H Stock”) authorized and 57,500 issued and outstanding.

Holders of Class H Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to increase the Class H Stock conversion ratio to two thousand (2,000) shares of Common Stock per every one (1) share of Class H Stock irrespective of the trading price of the Common Stock.

Holders of Class H Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class H Stock during the fiscal quarter ended December 31, 2015.

Class I Convertible Preferred Stock

At December 31, 2015 there were 1,000,000 shares of Class I Convertible Preferred Stock (“Class I Stock”) authorized and 1,000,000 issued and outstanding.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to amend the number of votes of each Class I Convertible Preferred Stock (“Class I Stock”) from one thousand (1,000) to three thousand (3,000). There are currently 1,000,000 Class I Shares outstanding.

Holders of Class I Stock have no dividend rights. Holders of Class I Stock have three thousand (3000) votes relative to Common Stock on any matters put before the Common Stock holders.

Holders of Class I Stock have the right to convert to Common Stock at a ratio of fifty (50) shares of Common Stock per every one (1) share of Class I Stock irrespective of the trading price of the Common Stock.

Holders of Class I Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class I Stock during the fiscal quarter ended December 31, 2015.

On February 17, 2014, Mr. Atamian and Evergreen Investment Firm LLC (a Nevada limited liability company controlled by Jeremy E. Carr) reached an agreement whereby Evergreen Investment Firm LLC exchanged 5,000 shares of Class M Stock for all 1,000,000 shares of Mr. Atamian’s Class I Stock.

The following table summarizes Evergreen Investment Firm LLC’s (and Mr. Carr’s, through his control of Evergreen Investment Firm LLC) relative voting rights pursuant to his Class I Shares at the dates listed therein.

Date	Voting Percentage
12/31/2013	00.0%
12/31/2014	73.3%

Class J Convertible Preferred Stock

At December 31, 2015 there were 500,000 shares of Class J Convertible Preferred Stock ("Class J Stock") authorized and 112,095 shares issued and outstanding.

Holders of Class J Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders.

Prior to June 1, 2013, holders of Class J Stock had the right to convert to Common Stock at a ratio of one thousand (1,000) shares of Common Stock per every one (1) share of Class J Stock irrespective of the trading price of the Common Stock.

On June 1, 2013 the Board and holders of all of the outstanding shares of Class J stock voted to allow nine thousand (9,000) shares of Class J Stock to be converted at a ratio of five thousand (5,000) shares of Common Stock in settlement of certain claims against the Company and to increase the conversion ratio for the remaining outstanding shares to two thousand five hundred (2,500) shares of Common Stock per every one (1) share of Class J Stock irrespective of the trading price of the Common Stock thereafter.

Holders of Class J Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class J Stock may convert their Class J Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class J Stock may convert their Class J Stock into Common Stock shall be decreased by an amount equal eighty-five percent (85%) of the amount by that which the Common Stock is so combined.

There were no issuances of Class J Stock during the fiscal quarter ended December 31, 2015.

Class M Convertible Preferred Stock

At December 31, 2015, there were 200,000 shares of Class M Convertible Preferred Stock ("Class M Stock") authorized and 106,260 issued and outstanding.

Holders of Class M Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class M Stock may only vote on matters concerning the alteration of the specific rights of Class M Stock itself.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to increase the Class M Stock conversion ratio to ten thousand (10,000) shares of Common Stock per every one (1) share of Class M Stock irrespective of the trading price of the Common Stock. As of December 31, 2015 Holders of Class M Stock have the right to convert to Common Stock at a ratio of ten thousand (10,000) shares of Common Stock per every one (1) share of Class M Stock irrespective of the trading price of the Common Stock.

Holders of Class M Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class M Stock may convert their Class M Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class M Stock may convert their Class M Stock into Common Stock shall be decreased by an amount equal fifty percent (50%) of the amount by that which the Common Stock is so combined.

On June 2, 2015 the Company converted and cancelled 5,000 shares of Class M Stock in exchange for 50,000,000 shares of Common Stock.

On June 30, 2015 the Company issued 6,689 shares of Class M Stock in exchange the return and cancellation of a 0% convertible debenture in the amount of \$40,000.

On July 10, 2015 the Company issued 29,000 shares of Class M in exchange for the cancellation of \$156,000 owed in Short Term Notes for Accrued Officer Compensation.

On August 20, 2015, the Company, by a vote of a majority of the Class M shareholders, voted to increase the authorized shares of Class M Convertible Preferred Stock from 100,000 to 200,000.

On August 22, 2015, the Company issued 6,500 shares of Class M Convertible Preferred Stock in exchange for the return and cancellation of 32,500 shares of Class G Convertible Preferred Stock.

On December 15, 2015, the Company issued 2,592 shares of Class M Convertible Preferred Stock as compensation for \$15,500 owed to a consultant for services rendered to the Company.

Fiscal Year	Quarter	Class M Shares Issued	Face Value
2016	Q2	2,592	\$15,500.

Class X Convertible Preferred Stock

At December 31, 2015 there were 100,000 shares of Class X Convertible Preferred Stock (“Class X Stock”) authorized and 81,000 shares issued and outstanding.

On July 16, 2010, the Company authorized 100,000 shares of Class X Stock and the Company issued 100,000 shares of Class X Stock in conjunction with a transaction involving Class Z Stock (see below).

Each share of Class X Stock has a face value of \$0.50 (the “Face Value”) and pays a 9% cash dividend. In the event that the Company fails to pay dividends owed in a timely manner after June 30, 2011, the cash dividend rate will increase to 12%. Class X Stock has a liquidation preference over all other classes of stock other than Class Z.

Holders of Class X Stock have no right to vote on any matters put forward for the approval of Common Stock shareholders. Holders of Class X Stock may only vote on matters concerning the alteration of the specific rights of Class X Stock itself. No other class, classes or series of stock may be granted any rights or security interests preferential in nature to Class X Stock without the express written consent of a majority of all Class X Stock outstanding.

Holders of Class X Stock may convert their Class X Stock into shares of Common Stock on demand, which may not be denied for any reason. The conversion right is based upon a variable ratio based upon the following calculation: Total Outstanding Common Shares at Conversion Date x 0.00000125 x Class X shares being converted. In no event may the conversion ratio be less than 500 Common shares per Class X Share converted. In the event that the Company shall at any time subdivide the outstanding shares of Common Stock, or shall issue a stock dividend on the outstanding Common Stock, the Minimum Conversion Ratio in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately increased, and in the event that the Company shall at any time combine the outstanding shares of Common Stock, the Minimum Conversion Ratio in effect immediately prior to such combination shall remain as stated herein above and shall continue to remain unchanged through any subsequent combination or combinations. Notwithstanding the above, in no event shall the effective conversion ratio, whether the Conversion Ratio or the Minimum Conversion Ratio, be less than 0.00025% of the total number shares of Common Stock outstanding at the time of the Conversion Demand.

Holders of Class X Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

On October 22, 2015, the Company converted and canceled 19,000 shares of Class X Convertible Preferred Stock in exchange for 59,128,000 shares of Common Stock.

The following table lists the Class X dividend amounts owed for respective period listed therein during the fiscal quarter ended December 31, 2015. These dividend amounts are accruing.

Fiscal Year	Quarter	Class X Dividend Amount
2016	Q2	\$1,559.11

Class Y Convertible Preferred Stock

At December 31, 2015 there were 3,000 Preferred Shares Class Y Convertible Preferred Stock ("Class Y Stock") authorized and 800 issued and outstanding.

Holders of Class Y Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class Y Stock may only vote on matters concerning the alteration of the specific rights of Class Y Stock itself.

On February 20, 2015 and again on April 20th, 2015, the Board of Directors voted to authorize 3,000 shares of Class Y Stock convertible at a ratio of six hundred and twenty five thousand (625,000) shares of Common Stock per every one (1) share of Class Y Stock irrespective of the trading price of the Common Stock. As of December 31, 2015 Holders of Class Y Stock have the right to convert to Common Stock at a ratio of six hundred and twenty five thousand (625,000) shares of Common Stock per every one (1) share of Class Y Stock irrespective of the trading price of the Common Stock.

Holders of Class Y Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class Y Stock may convert their Class Y Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class M Stock may convert their Class M Stock into Common Stock shall be decreased by an amount equal fifty percent (50%) of the amount by that which the Common Stock is so combined.

On April 20, 2015 the Company issued 800 shares of Class Y Stock in exchange for Preferred Shares of PXYN convertible to 8,000,000 shares of PXYN Common Stock.

There were no issuances of Class Y Stock during the fiscal quarter ended December 31, 2015.

Class Z Convertible Preferred Stock

At December 31, 2015 there were 200,000 Preferred Shares Class Z Convertible Preferred Stock ("Class Z Stock") authorized and 41,619 issued and outstanding.

On December 28, 2009, the Board of Directors voted to increase the number of authorized shares of Class Z Stock to 200,000. Each share of Class Z Stock has a face value of \$6.00 (the "Face Value") and carries a 6% cumulative dividend. Class Z Stock has a liquidation preference over all other classes of stock.

Holders of Class Z Stock have no right to vote on any matters put forward for the approval of Common Stock shareholders. Holders of Class Z Stock may only vote on matters concerning the alteration of the specific rights of Class Z Stock itself. No other class, classes or series of stock may be granted any rights or security interests preferential in nature to Class Z Stock without the express written consent of a majority of all Class Z Stock outstanding.

Holders of Class Z Stock may convert their Class Z Stock into shares of Common Stock on demand. The conversion right is based upon a variable ratio wherein the Face Value is divided by the greater of, fifty percent (50%) of the low bid price of the Common Stock during the one (1) year period preceding any demand for conversion, or \$0.0005, however, in no event shall the number by which the Face Value is divided be greater than \$0.004

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class Z Stock may convert their Class Z Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class Z Stock may convert their Class Z Stock into Common Stock shall remain unchanged.

Holders of Class Z Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

The following table lists all of the shares of Class Z Stock that were issued as a dividend and the respective dividend amount during the respective period listed therein during the fiscal year 2016.

Fiscal Year	Quarter	Class Z Shares Issued	Interest Owed to Z Shareholders
2016	Q1	629	\$3,771.08
2016	Q2	639	3,828.95
2016	Q3	-	-
2016	Q4	-	-

The following table lists all of the shares of Class Z Stock that were issued as a dividend during the respective period listed therein for the fiscal quarter ended December 31, 2015.

Fiscal Year	Quarter	Class Z Shares Issued	Price	Exemption	Free Trading	Restrictive Legend
2016	Q2	639	\$6.00	4(2)	No	Yes

Noncontrolling Interest

During the fiscal quarter ended December 31, 2015, the Company issued an aggregate of 474,737 shares of common stock of the Company's subsidiary, ESI, representing approximately 1 percent of ownership, in exchange for \$75,000. This ownership is reflected as noncontrolling interest in the accompanying consolidated balance sheet and is recorded at its proportionate interest of the carrying value of the subsidiary. The difference between the carrying value of the noncontrolling interest and the amounts paid is reflected as a capital contribution during the quarter ended December 31, 2015. Given the timing of the investment, no loss incurred during the quarter ended December 31, 2015 was attributed to the noncontrolling interest as the effects are immaterial.

8) **SUBSEQUENT EVENTS**

On January 21, 2016, the Company undid the October 22, 2015 Class X Convertible Preferred Stock conversion, therefore cancelling the issuance of 59,128,000 shares of Common Stock and adding 19,000 Class X shares back on the books of the Company.

On January 15, 2016, the Company issued 45,334 shares of Class Z Convertible Preferred Stock as compensation for \$272,000 owed to a consultant for services rendered to its subsidiary, Evergreen Systems Inc. The amount of compensation will go on the books as debt owed to the Company by ESI.

On January 15, 2016, the Company issued 22,791 shares of Class Z Convertible Preferred Stock as compensation for \$136,744 owed to a consultant for services rendered to its subsidiary, Evergreen Systems Inc. The amount of compensation will go on the books as debt owed to the Company by ESI.

On January 15, 2016, the Company issued 11,250 shares of Class Z Convertible Preferred Stock as compensation

for \$67,500 owed to a consultant for services rendered to its subsidiary, Evergreen Systems Inc. The amount of compensation will go on the books as debt owed to the Company by ESI.

On January 15, 2016, the Company issued 9,167 shares of Class Z Convertible Preferred Stock as compensation for \$55,000 owed to a consultant for services rendered to its subsidiary, Evergreen Systems Inc. The amount of compensation will go on the books as debt owed to the Company by ESI.

On January 15, 2016, the Company issued 20,000 shares of Class Z Convertible Preferred Stock as compensation for \$120,000 owed to a consultant for a one year consulting agreement.

On January 15, 2016, the Company issued 20,000 shares of Class Z Convertible Preferred Stock as compensation for \$120,000 owed to a consultant for a one year consulting agreement.

On January 15, 2016, the Company issued 8,334 shares of Class Z Convertible Preferred Stock in exchange for the cancellation of a \$50,000 ESI debenture owed to a creditor for monies loaned to its subsidiary, Evergreen Systems Inc. The amount of consideration will go on the books as debt owed to the Company by ESI.

On January 15, 2016, the Company issued 6,667 shares of Class Z Convertible Preferred Stock in exchange for the cancellation of a \$20,000 ESI debenture and an additional \$20,000 owed to a creditor for monies loaned to its subsidiary, Evergreen Systems Inc. The amount of consideration will go on the books as debt owed to the Company by ESI.

SUBSIDIARY EVENTS

On August 3, 2015, the Company's subsidiary, Evergreen Systems Incorporated, by unanimous vote of the shareholders, voted to amend the Articles of Incorporation to increase the authorized shares from 50,000,000 to 60,000,000.

On October 30, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a 3.25% convertible debenture in the amount of \$10,000 for a capital infusion on October 30, 2015 necessary to continue Development on BlazeNow. The principal amount of the debenture is convertible into ESI Common Stock at \$0.19 per share.

On October 30, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a 3.25% convertible debenture in the amount of \$6,000 for a capital infusion on October 30, 2015 necessary to continue Development on BlazeNow. The principal amount of the debenture is convertible into ESI Common Stock at \$0.20 per share.

On December 21, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a 3.25% convertible debenture in the amount of \$25,000 for a capital infusion on December 21, 2015 necessary to continue Development on BlazeNow. The principal amount of the debenture is convertible into ESI Common Stock at \$0.15 per share.

On December 30, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a 3.25% convertible debenture in the amount of \$25,000 for a capital infusion on December 30, 2015 necessary to continue Development on BlazeNow. The principal amount of the debenture is convertible into ESI Common Stock at \$0.19 per share. This debenture carries with it one year warrants to purchase 100,000 shares of ESI Common Stock at a strike price of \$0.25 per-share.

On October 5, 2015, the Company's subsidiary, Evergreen Systems Incorporated, initiated a plan to raise a friends and family round of funding of a maximum of \$600,000 and a minimum of \$25,000 at a price of \$0.19 per-share. Capital is necessary to begin the marketing of BlazeNow and to continue development on additional features of BlazeNow.

On October 26, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a Stock Purchase Agreement in the amount of \$50,000 received from an accredited investor as part of the \$600,000 raise. The company has issued 263,158 of ESI Common Stock pursuant to this SPA.

On November 4, 2015, the Company's subsidiary, Evergreen Systems Incorporated, executed a Stock Purchase Agreement in the amount of \$25,000 received from an accredited investor as part of the \$600,000 raise. The company has issued 131,579 of ESI Common Stock pursuant to this SPA. The following Warrants were granted in association with this SPA: 100,000 shares of ESI Common Stock at a strike price of \$.30 per share. Expiration – November 4, 2017.

On November 4, 2015, the Company's subsidiary, Evergreen Systems Incorporated, issued 80,000 of ESI Common Stock to the CIO/CFO of one of the largest sports organizations in the world to join the ESI Board of Advisors after his investment into the Company. The following Warrants were granted in association with this offer: 160,000 shares of ESI Common Stock at a strike price of \$.25 per share. Expiration – May 4, 2017.

SUBSIDIARY SUBSEQUENT EVENTS

On January 16, 2016, the Company's subsidiary, Evergreen Systems Incorporated, issued warrants to purchase ESI Common Stock to a former president of Capital Records in exchange for him joining the ESI Board of Advisors. The following Warrants were granted in association with this offer: 200,000 shares of ESI Common Stock at a strike price of \$.20 per share. Expiration – January 16, 2017.

On January 15, 2016, the Company's subsidiary, Evergreen Systems Incorporated, cancelled a 3.25% convertible debenture in the amount of \$50,000 and its associated warrants and interest pursuant to a stock purchase agreement dated January 15, 2016. This debt was cancelled in exchange for certain Convertible Preferred Stock of the Company.

On January 15, 2016, the Company's subsidiary, Evergreen Systems Incorporated, cancelled a 3.25% convertible debenture in the amount of \$20,000 and its associated warrants and interest pursuant to a stock purchase agreement dated January 15, 2016. This debt was cancelled in exchange for certain Convertible Preferred Stock of the Company.