MediaTechnics Corporation
Consolidated Balance Sheet
At December 31, 2014
(unaudited)

ASSETS

CURRENT ASSETS:		
Cash	$	41,196
Accounts receivable		32,032
Inventory		175
Marketable securities held for sale		142,446
Unrealized (loss) on marketable securities		23,257
Total current assets		239,106
OTHER ASSETS:		
Note receivable		438,810
Accrued interest on note receivable		224,502
Furniture & equipment-net		12,541
Accumulated depreciation		
Intellectual property - net		349,278
Lease purchase option		
Total assets	$	1,264,237

LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Accounts payable	$	66,693
Loans from officers		15,892
Loans and notes payable		146,330
Total current liabilities		228,915
Contingencies		200,000
Convertible debenture		118,000
Total liabilities		546,915
STOCKHOLDERS' EQUITY		
Preferred stock		1,461
Common stock		1,094,704
Paid in capital		2,280,305
Unrealized (loss) on marketable securities		23,257
Accumulated (deficit)		(2,682,405)
Total stockholders' equity		717,322
Total liabilities and stockholders' equity	$	1,264,237

See accompanying notes to these unaudited consolidated financial statements.

MediaTechnics Corporation
Consolidated Income Statement
(unaudited)

	For the three months ended December 31, 2014	For the three months ended December 31, 2013	For the six months ended December 31, 2014	For the six months ended December 31, 2013
REVENUES				
Sales revenue	$ 35,779	$ -	56,383	
Cost of Sales	29,332	-	42,814	
Gross Profit	6,447	-	13,569	
Interest income	13,595	12,429	26,889	24,582
Net Revenue	20,042	12,429	40,458	24,582
OPERATING EXPENSES				
General and administrative	3,108		5,306	
Officer compensation	39,000	19,500	78,000	39,000
Marketing expenses	1,386		1,386	
Travel & entertainment	1,077		6,061	
Professional fees	21,761	3,020	29,651	6,020
Rent & utilities	693		1,293	
Interest expense	5,236	6,307	11,007	12,649
Amortization and depreciation	9,991		19,983	
Total Operating Expenses	82,252	28,827	152,687	57,669
(Loss) from operations	(62,210)	(16,398)	(112,229)	(33,087)
Gain on settlement	11,000	-	22,425	
Gain (loss) on sale of securities	(296)		61	
Reserve for settlements	-		(46,935)	
Net income (loss)	$ (51,506)	$ (16,398)	$ (136,678)	$ (33,087)

See accompanying notes to these unaudited consolidated financial statements.

MEDIATECHNICS

MediaTechnics Corporation
Consolidated Statements Of Changes In Stockholders' Equity
(unaudited)

	Preferred Shares	Preferred Amount	Common Shares	Amount	Paid-In Capital	Unrealized Gains	Accumulated (Deficit)	Total
Balance at June 30, 2013	1,383,782	1,384	1,094,703,469	1,094,704	2,275,073	0	($3,160,373)	210,788
								$0
Preferred Class Z for interest	$2,071	$2			$12,412			$12,414
Issuance of Preferred Class Z for debt	$7,329	$7			$43,960			$43,968
Cancellation of Preferred Class Y	($10,000)	($10)			($9,990)			($10,000)
Cancellation of Preferred Class H	($25,000)	($25)			($500,000)			($500,025)
Preferred Class M for ESI Acquisition	$69,071	$69			$386,729			$386,798
Preferred Class G for services	$32,500	$33			$64,968			$65,000
Unrealized holding gain on marketable securities						$24,000		$24,000
Net income for the year ended June 30, 2014							$614,646	$614,646
Balance at June 30, 2014	1,459,753	$1,460	1,094,703,469	$1,094,704	$2,273,152	$24,000	($2,545,727)	$847,588
Unrealized holding (loss) on marketable securities						($743)		($743)
Issuance of 601 Class Z Preferred shares interest	$1,193	$1			$7,153			$7,154
Net (loss) for the six months Dec 31, 2014							($136,678)	($136,678)
Balance at Dec 31, 2014	1,460,946	$1,461	1,094,703,469	$1,094,704	$2,280,305	$23,257	($2,682,405)	$717,321

See accompanying notes to these unaudited consolidated financial statements.

MEDIATECHNICS

MediaTechnics Corporation
Consolidated Statement Of Cash Flows
(unaudited)

	For the three months ended December 31, 2014		For the six months ended December 31, 2014	
	2014	2013	2014	2013
OPERATING ACTIVITIES				
Net income (loss) for the period	$ (51,506)	$ (16,398)	$ (136,678)	$ (33,087)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization expense	9,992	-	19,983	-
Preferred Shares issued for interest & debt	3,604	3,133	7,153	22,296
Preferred Shares issued for services	-	-	-	-
Changes in assets and liabilities	-	-	-	-
(Increase)/decrease in accrued interest receivable	(13,595)	(12,429)	(26,888)	(24,582)
(Increase)/decrease in accounts receivable	(21,968)		(30,532)	-
(Increase)/decrease in marketable securities	46,792	-	53,554	-
(Increase)/decrease in inventory	-	-	1,075	-
Increase/(decrease) in accounts payable	75,341	138,194	112,455	134,227
Increase/(decrease) in loans from officers	(1,395)	(97,500)	15,892	(68,854)
Increase/(decrease) in contingencies	-	-	50,000	-
Net cash (used in) provided by operating activities	47,265	15,000	66,014	30,000
INVESTING ACTIVITIES				
Net cash (used in) provided by investing activities	-	-	-	-
FINANCING ACTIVITIES				
Purchase of furniture	(1,107)	-	(1,177)	-
Purchase of intellectual property	(15,000)	(15,000)	(30,000)	(30,000)
Net cash (used in) provided by financing activities	(16,107)	(15,000)	(31,177)	(30,000)
INCREASE IN CASH	31,158	-	34,837	-
CASH, BEGINNING OF PERIOD	10,038	21,600	6,359	21,600
CASH, END OF PERIOD	$ 41,196	$ 21,600	41,196	$ 21,600

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Preferred shares for intellectual property & securities	-	-	-	386,798

See accompanying notes to these unaudited consolidated financial statements.

1) THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company was originally incorporated in the state of Nevada on February 26, 1987 and has operated under various names with diverse and varied operations during its lengthy history. The Company is currently operating as a developer of advertising websites and applications for the growing legal marijuana industry, and is currently developing, through its wholly-owned subsidiary, Evergreen Systems Incorporated, a suite of website and mobile applications under the trademarked name BlazeNow**™**.

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, 2014. 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 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 statement 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. Marketable securities held for sale at December 31, 2014 were 2,907,063 Common shares of Praxsyn Corporation (formerly The PAWS Pet Company, Inc., ("PXYN")) with a cost basis of $142,446 and an Unrealized Available-For-Sale Holding Gain of $23,256.50. There were 400 shares of PXYN Preferred Series B Shares, convertible into 4,000,000 Common shares of PXYN Common Stock not yet held for sale at December 31, 2013.

3) NOTES RECEIVABLE

On November 30, 2009, the Company sold all of it 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, 2014 the Company earned interest on the note in the amount of $13,595. At December 31, 2014 notes receivable were $438,810 and accrued interest on the notes was $224,502

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 June 30, 2014. The Plans are being amortized over five years staring 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	29,520	161,278
Lighting Development	123,000	**0**	123,000
Website development	65,000	**0**	65,000
	378,798	**29,520**	**349,278**

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. As of the date of these Notes to Consolidated Financial Statements, the Company has engaged an attorney to pursue settlement of this matter and to defend in Nevada if necessary. During January of 2015 a judge of the Alameda County Superior Court ruled that the Company is a Nevada corporation with no identified offices in California and that the plaintiff had failed to make diligent efforts to collect her judgment in Nevada.

The Company is currently defending a lawsuit in the Superior Court for the County of Alameda arising from the claim of the aforementioned default judgment. The plaintiff alleges that the company and all recent CEO's of the Company have improperly transferred assets to insiders in order to avoid payment on this judgment. Among other things, it alleges that the land in California that was a part of the October 1, 2010 Lease-Purchase Agreement, Land Acquisition and Furniture, Fixtures and Equipment Purchase Agreement was transferred improperly, as well as the building that was leased under that same agreement. The land in question was, to the best knowledge of management, sold for approximately $8,000 (or less) in order to pay rent on the leased building and the building itself, which was never owned by the company and subject to a valid lien, but only leased by the Company, was lost under a settlement agreement, in lieu of foreclosure, with a payment to its former owner (Henri D. Atamian) in an amount believed to not be in excess of $5,000. As of the date of these Notes to Consolidated Financial Statements, the Company has engaged an attorney to defend this action and filed a motion to quash based on lack of jurisdiction. We believe that this lawsuit is entirely without merit, and will defend it vigorously.

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 former 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 that judgment is now on appeal. The Company is awaiting the results of that appeal, as we believe that the severing of the chain that begins with Dawn Stafford severs the chain and destroys the plaintiff's case as regards the Company.

6) CONVERTIBLE DEBENTURES

On June 1, 2014, the Company converted $40,000 in Short Term Notes for Accrued Officer Compensation into a convertible debenture. This debenture bears no interest and is convertible into Common Stock at a 5% discount to the average closing price of the five trading days preceding a conversion demand.

Also on June 1, 2014, the Company converted $78,000 in Accounts Payable for intellectual property development costs associated with the development of LED lighting systems currently in testing into a convertible debenture. This debenture bears no interest and is convertible into Common Stock at a 5% discount to the average closing price of the five trading days preceding a conversion demand.

Due to a typographical error the Companies most recent financial statement for the year ended June 30, 2014 listed March 31, 2014 as the date of the aforementioned debentures. This error has now been corrected.

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.

The Company has an authorized capitalization of 1,479,000,000 shares of Common Stock with a par value of $.001. There were 1,094,703,469 Common Stock shares issued and outstanding on December 31, 2014.

There were no issuances of Common Stock during the last fiscal quarter.

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, 2014 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, 2014.

Class G Convertible Preferred Stock

At December 31, 2014 there were 100,000 shares of Class G Convertible Preferred Stock ("Class G Stock") authorized and 82,500 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.

There were no issuances of Class G Stock during the fiscal quarter ended December 31, 2014.

Class H Convertible Preferred Stock

At December 31, 2014 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, 2014.

Class I Convertible Preferred Stock

At December 31, 2014 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, 2014.

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
09/30/2013	00.0%
09/30/2014	73.3%
12/31/2014	73.3%

Class J Convertible Preferred Stock

At December 31, 2014 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, 2014.

Class M Convertible Preferred Stock

At December 31, 2014, there were 100,000 shares of Class M Convertible Preferred Stock ("Class M Stock") authorized and 69,071 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, 2014 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.

Class X Convertible Preferred Stock

At December 31, 2014 there were 100,000 shares of Class X Convertible Preferred Stock ("Class X Stock") authorized and 100,000 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 as 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 of a reverse stock split, the minimum conversion ratio will be increased by a similar amount.

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.

Class Z Secured Convertible Preferred Stock

At December 31, 2014 there were 200,000 Preferred Shares Class Z Secured Convertible Preferred Stock ("Class Z Stock") authorized and 39,780 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 during the respective period listed therein for the fiscal quarter ended December 31, 2014.

Fiscal Year	Quarter	Class Z Shares Issued	Price	Exemption	Free Trading	Restrictive Legend
2015	Q2	601	$6.00	4(2)	No	Yes

8) OTHER INCOME AND EXPENSE

During the fiscal year ended September 30, 2014, the Company realized a gain of $11,425 from a settlement with the Company's transfer agent, Nevada Agency and Transfer Company, described as follows:

On September 30, 2014, the Company and Nevada Agency and Transfer Company agreed to remove all accrued interest owed to Nevada Agency and Transfer Company by the Company in exchange for a payment of $7,000 towards past due transfer agent bills.