

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended September 30, 2014**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

**Commission file number: 000-53316**

**TransBiotec, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-0731818

(I.R.S. Employer Identification No.)

400 N. Tustin Ave., Suite 225  
Santa Ana, CA

(Address of principal executive offices)

92705

(Zip Code)

(562) 280-0483

Registrant's telephone number, including area code

\_\_\_\_\_  
(Former address, if changed since last report)

\_\_\_\_\_  
(Former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

**Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:**

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

**Applicable only to corporate issuers:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 19, 2014, there were 47,003,435 shares of common stock, \$0.00001 par value, issued and outstanding.

**TRANSBIOTEC, INC.**

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## **PART I – FINANCIAL INFORMATION**

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements are based on management’s beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements also include statements in which words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “consider,” or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

### **ITEM 1 Financial Statements**

The unaudited condensed consolidated financial statements of registrant for the three and nine months ended September 30, 2014 and 2013 follow. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

**TransbioTec, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>Sept. 30, 2014</u>	<u>Dec. 31, 2013</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 619	\$ -
<b>Total current assets</b>	<u>619</u>	<u>-</u>
Fixed assets - net	<u>648</u>	<u>1,230</u>
<b>Total Assets</b>	<u>\$ 1,267</u>	<u>\$ 1,230</u>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 639,171	\$ 421,597
Accrued interest payable	368,094	268,950
Notes payable - current - non-related parties	573,516	573,516
Notes payable - current, net	654,023	612,342
Derivative liability	72,456	150,067
Stock subscription payable - current	28,067	26,000
Related party payables	280,765	190,765
Other payables	241,225	238,085
<b>Total current liabilities</b>	<u>2,857,317</u>	<u>2,481,322</u>
Notes payable - non-related parties	<u>167,007</u>	<u>167,007</u>
<b>Total Liabilities</b>	<u>3,024,324</u>	<u>2,648,329</u>
<b>Stockholders' Deficit</b>		
Common stock, \$.00001 par value; 100,000,000 shares authorized; 42,903,319 and 34,146,712 shares issued and outstanding at September 30, 2014 and December 31, 2013 respectively	430	342
Additional paid in capital	12,582,399	12,415,639
Deficit accumulated during the development stage	(15,572,078)	(15,032,660)
<b>Total Transbiotec, Inc. stockholders' deficit</b>	<u>(2,989,249)</u>	<u>(2,616,679)</u>
Noncontrolling interest	<u>(33,808)</u>	<u>(30,420)</u>
<b>Total Stockholders' Deficit</b>	<u>(3,023,057)</u>	<u>(2,647,099)</u>
<b>Total Liabilities and Stockholders' Deficit</b>	<u>\$ 1,267</u>	<u>\$ 1,230</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**TransbioTec, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>For Three Months Ended</u> <u>September 30,</u>		<u>For Nine Months Ended</u> <u>September 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Amortization & depreciation	194	194	582	582
General and administrative	95,070	158,209	389,981	621,700
	<u>95,264</u>	<u>158,403</u>	<u>390,563</u>	<u>622,282</u>
Gain (loss) from operations	<u>(95,264)</u>	<u>(158,403)</u>	<u>(390,563)</u>	<u>(622,282)</u>
Other income (expense):				
Gain (Loss) on fair value adjustment - derivatives	19,135	318,799	10,875	(70,498)
Gain on debt reversal	-	81,307	-	86,878
Interest expense	(48,037)	(25,014)	(135,702)	(91,071)
Interest expense - beneficial conversion feature	(7,751)	(19,501)	(27,416)	(152,993)
	<u>(36,653)</u>	<u>355,591</u>	<u>(152,243)</u>	<u>(227,684)</u>
Loss before provision for income taxes	(131,917)	197,188	(542,806)	(849,966)
Provision for income tax	-	-	-	-
<b>Net loss</b>	(131,917)	197,188	(542,806)	(849,966)
Less: Net loss attributable to noncontrolling interest	1,021	618	3,388	5,803
<b>Net loss attributable to TransBioTec, Inc.</b>	<u>\$ (130,896)</u>	<u>\$ 197,806</u>	<u>\$ (539,418)</u>	<u>\$ (844,163)</u>
<b>Net loss per share (TransBioTec, Inc.)</b>				
(Basic and fully diluted)	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding	<u>41,884,034</u>	<u>33,431,576</u>	<u>37,810,366</u>	<u>32,005,187</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

**TransbioTec, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>For Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Operating Activities:</b>		
Net loss	\$ (542,806)	\$ (844,163)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Amortization & depreciation	582	582
Compensatory equity issuances	-	77,433
Gain on debt reversal	-	(86,878)
Change in fair value of derivative liability	(10,875)	70,498
Note payable beneficial conversion expense	27,416	152,993
Original issue discount - interest expense	-	12,501
Stock based compensation	47,334	-
Changes in assets and liabilities:	-	-
Accounts payable	219,641	276,650
Accrued interest payable	99,144	-
Related party payable	90,000	-
Other payable	3,140	-
<b>Net cash used for operating activities</b>	<b>(66,424)</b>	<b>(340,384)</b>
<b>Investing Activities:</b>		
Fixed asset purchases	-	(511)
<b>Net cash used for investing activities</b>	<b>-</b>	<b>(511)</b>
<b>Financing Activities:</b>		
Notes & loans payable - borrowings	102,776	346,232
Notes & loans payable - payments	(35,733)	(52,000)
Equity issuances	-	47,500
<b>Net cash provided by financing activities</b>	<b>67,043</b>	<b>341,732</b>
<b>Net Change In Cash</b>	<b>619</b>	<b>837</b>
<b>Cash At The Beginning Of The Period</b>	<b>-</b>	<b>-</b>
<b>Cash At The End Of The Period</b>	<b>\$ 619</b>	<b>\$ 837</b>
<b>Schedule Of Non-Cash Investing And Financing Activities</b>		
Debt converted to capital	\$ 37,778	\$ 49,000
Note to stock subscription payable	\$ -	\$ -
<b>Supplemental Disclosure</b>		
Cash paid for interest	\$ 9,000	\$ -
Cash paid for income taxes	\$ -	\$ -

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

**TransBiotech, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

**NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

TransBiotech, Inc. ("TransBiotech – DE"), formerly Imagine Media LTD., was incorporated August, 2007 in the State of Delaware. A corporation also named TransBiotech, Inc. ("TransBiotech – CA") was formed in the state of California July 4, 2004. Effective September 19, 2011 TransBiotech - DE was acquired by TransBiotech - CA in a transaction classified as a reverse acquisition as the shareholders of TransBiotech - CA retained the majority of the outstanding common stock of TransBiotech - DE after the share exchange. The unaudited condensed consolidated financial statements represent the activity of TransBiotech - CA from July 4 2004 forward, and the consolidated activity of TransBiotech - DE and TransBiotech - CA from September 19, 2011 forward. TransBiotech - DE and TransBiotech - CA are hereinafter referred to collectively as the "Company". The Company has developed and plans to market and sell a non-invasive alcohol sensing system which includes an ignition interlock. The Company is currently considered to be in the development stage, and has not generated revenues from its activities.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of operations for a full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2013.

Principles of consolidation

The accompanying unaudited condensed consolidated financial statements include the amounts of the Company and its majority owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents. The Company has no cash equivalents as of September 30, 2014.

Property and equipment

Property and equipment are recorded at cost and depreciated under straight line methods over each item's estimated useful life.

Advertising costs

Advertising costs are expensed as incurred. The Company recorded no material advertising costs during the nine months ended September 30, 2014 or 2013.

Income tax

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.



**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Net loss per share

The net loss per share is computed by dividing the net loss by the weighted average number of shares of common outstanding. Warrants, stock options, and common stock issuable upon the conversion of the Company's preferred stock (if any), are not included in the computation if the effect would be anti-dilutive and would increase the earnings or decrease loss per share.

Financial Instruments

The carrying value of the Company's financial instruments, as reported in the accompanying unaudited condensed consolidated balance sheets, approximates fair value.

Long-Lived Assets

In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that may suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Stock based compensation

The Company accounts for employee and non-employee stock awards under ASC 718, whereby equity instruments issued to employees for services are recorded based on the fair value of the instrument issued and those issued to non-employees are recorded based on the fair value of the consideration received or the fair value of the equity instrument, whichever is more reliably measurable.

Recent accounting pronouncement

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-10 during the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

Minority interest (Noncontrolling interest)

A subsidiary of the Company has minority members, representing ownership interests of 1.38% at September 30, 2014. The Company accounts for these minority, or noncontrolling interests pursuant to ASC 810-10-65 whereby gains and losses in a subsidiary with a noncontrolling interest are allocated to the noncontrolling interest based on the ownership percentage of the noncontrolling interest, even if that allocation results in a deficit noncontrolling interest balance.

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

**NOTE 2. RELATED PARTY TRANSACTIONS**

As of September 30, 2014 and December 31, 2013, the Company had payables due to officers, shareholders and former management for accrued compensation and services of \$280,765 and \$190,765 respectively.

**NOTE 3. PROPERTY & EQUIPMENT**

Fixed asset values recorded at cost are as follows:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<u>(Unaudited)</u>	<u></u>
Office and Lab Equipment	\$ 32,127	\$ 32,127
Furniture and fixtures	11,556	11,556
	43,683	43,683
Less accumulated depreciation	(43,035)	(42,453)
<b>Total</b>	<u>\$ 648</u>	<u>\$ 1,230</u>

Depreciation expense for the nine months ended September 30, 2014 and 2013 was \$582.

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

**NOTE 4. NOTES PAYABLE**

	<b>December 31, 2013</b>	<b>(Unaudited) September 30, 2014</b>
Note payable to related party, unsecured, due 8/3/2012, interest rate 0%.	\$ 1,950	\$ 1,950
Notes payable to related party, unsecured, due 12/31/2012, interest rate 0%.	\$ 11,810	\$ 11,810
Note payable to related party, unsecured, \$731,763, 5-years at 0% simple interest, due 7/1/2016, payment amounts vary each month, various late penalties.	\$ 726,763	\$ 726,763
Note payable to non-related party, unsecured, due 2/8/12, quarterly interest due, convertible at holder's option at \$0.3235688 per TBT - DE share, interest rate 30%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$ 10,000	\$ 10,000
Note payable to non-related party, unsecured, due 2/8/12, quarterly interest due, convertible at holder's option at \$0.3235688 per TBT - DE share, interest rate 30%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$ 25,000	\$ 25,000
Note payable to non-related party, unsecured, due 2/17/12, quarterly interest due, convertible at holder's option at \$0.3235688 per TBT - DE share, interest rate 30%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$ 25,000	\$ 25,000
Note payable to non-related party, unsecured, due 2/18/12, quarterly interest due, convertible at holder's option at \$0.3235688 per TBT - DE share, interest rate 30%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$ 10,000	\$ 10,000

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 2/18/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 18%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	750	\$	750
Note payable to non-related party, unsecured, due 2/18/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 18%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	6,875	\$	6,875
Note payable to non-related party, unsecured, due 2/15/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 12%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	2,500	\$	2,500
Note payable to non-related party, unsecured, due 2/20/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 12%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	3,750	\$	3,750
Note payable to non-related party, unsecured, due 2/21/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 12%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	2,625	\$	2,625
Note payable to non-related party, unsecured, due 3/20/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 12%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	5,433	\$	5,433
Note payable to non-related party, unsecured, due 3/22/13, annual interest due, convertible at holder's option at \$0.3235688 per TBT-DE share, interest rate 12%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	3,203	\$	3,203

**TransBiotech, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 2/25/13, annual interest due, convertible at holder's option at 51% of market as defined, interest rate 8%, conversion limited to total beneficial ownership of 4.99%.	\$	19,250	-
Note payable to non-related party, unsecured, due 4/19/13, annual interest due, convertible at holder's option at 51% of market as defined, interest rate 8%, conversion limited to total beneficial ownership of 4.99%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue and/or the continued conversion of the company's stock.	\$	52,500	\$ 39,005
Note payable to non-related party, unsecured, due 08/29/2013, simple interest 8% convertible at holder's option at \$.249 per TBT-CA share. Currently in default.	\$	15,000	\$ 15,000
Note payable to non-related party, unsecured, due 03/01/2013, simple interest 9%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	5,000	\$ 5,000
Note payable to non-related party, unsecured, due 12/13/2013, simple interest 7%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	5,342	\$ 5,342
Note payable to non-related party, unsecured, due 01/31/2013, simple interest 18%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	3,938	\$ 3,938
Note payable to non-related party, unsecured, due on demand, simple interest 7%, convertible at anytime into common stock at 65% of market closing price on previous day	\$	25,000	-
Note payable to non-related party, unsecured, due 01/07/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	15,000	\$ 15,000

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 01/15/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	5,000	\$	5,000
Note payable to non-related party, unsecured, due 01/20/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	65,272	\$	65,272
Note payable to non-related party, unsecured, due 03/28/2013, \$13,000 in interest (1 month). Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	32,000	\$	17,000
Note payable to non-related party, unsecured, due 01/23/2014, simple interest 9%. Currently in default.	\$	50,000	\$	50,000
Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note payable to non-related party, unsecured, due 04/28/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	9,440	\$	9,440
Note payable to non-related party, unsecured, due 05/05/2014, simple interest 7%, default interest 10%, stock option. Currently in default.	\$	50,060	\$	50,060
Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note payable to non-related party, unsecured, due 07/02/2014, simple interest 9%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	15,000	\$	15,000
Note payable to non-related party, unsecured, due 10/25/2013, simple interest 18%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	2,000	\$	2,000

**TransBiotech, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 07/29/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	1,900	\$	1,900
Note payable to non-related party, unsecured, due 09/19/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	10,000	\$	10,000
Note payable to non-related party, unsecured, due 09/19/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	65,000	\$	65,000
Note payable to non-related party, unsecured, due 09/29/2014, simple interest 7%, default interest 10%, stock option. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	20,000	\$	20,000
Note payable to non-related party, unsecured, due 12/27/2013, simple interest 9%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	15,000	\$	15,000
Note payable to non-related party, unsecured, due 10/28/2014, simple interest 7%, default interest 10%, stock option.	\$	2,500	\$	2,500
Note payable to non-related party, unsecured, due 10/29/2014, simple interest 7%, default interest 10%, stock option.	\$	10,000	\$	10,000
Note payable to non-related party, unsecured, due 11/10/2014, simple interest 7%, default interest 10%, stock option.	\$	5,000	\$	5,000
Note payable to non-related party, unsecured, due 11/12/2014, interest up to 9%, convertible up to the due date.	\$	11,000	\$	11,000
Note payable to non-related party, unsecured, due 11/20/2014, simple interest 7%, default interest 10%, stock option.	\$	20,000	\$	20,000
Note payable to non-related party, unsecured, due 12/02/2014, simple interest 7%, default interest 10%, stock option.	\$	5,000	\$	5,000
Note payable to non-related party, unsecured, due 1/27/2014, simple interest 10%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	\$	5,000	\$	4,235
Note payable to non-related party, unsecured, due 1/07/2015, simple interest 7%, default interest 10%, stock option.		-	\$	25,000

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 1/28/2015, simple interest 7%, default interest 10%, stock option.	-	\$	1,253
Note payable to non-related party, unsecured, due 1/29/2015, simple interest 7%, default interest 10%, stock option.	-	\$	3,500
Note payable to non-related party, unsecured, due 2/10/2015, simple interest 7%, default interest 10%, stock option.	-	\$	990
Note payable to non-related party, unsecured, due 2/17/2015, simple interest 7%, default interest 10%, stock option.	-	\$	4,500
Note payable to non-related party, unsecured, due 2/20/2015, simple interest 7%, default interest 10%, stock option.	-	\$	5,000
Note payable to non-related party, unsecured, due 3/10/2015, simple interest 7%, default interest 10%, stock option.	-	\$	2,500
Note payable to non-related party, unsecured, due 3/31/2015, simple interest 7%, default interest 10%, stock option..	-	\$	2,500
Note payable to non-related party, unsecured, due 4/03/2015, simple interest 7%, default interest 10%, stock option.	-	\$	5,890
Note payable to non-related party, unsecured, due 4/08/2015, interest up to 7%, convertible up to the due date.	-	\$	15,000



**TransBiotech, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 4/10/2015, simple interest 7%, default interest 10%, stock option.	-	\$	4,331
Note payable to non-related party, unsecured, due 4/27/2015, simple interest 7%, default interest 10%, stock option.	-	\$	2,500
Note payable to non-related party, unsecured, due 5/13/2015, simple interest 7%, default interest 10%, stock option.	-	\$	5,360
Note payable to non-related party, unsecured, due 8/17/2014, simple interest 10%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	-	\$	5,000
Note payable to non-related party, unsecured, due 5/26/2015, simple interest 7%, default interest 10%, stock option.	-	\$	895
Note payable to non-related party, unsecured, due 6/10/2015, simple interest 7%, default interest 10%, stock option.	-	\$	3,207
Note payable to non-related party, unsecured, due 6/17/2015, simple interest 7%, default interest 10%, stock option.	-	\$	600
Note payable to non-related party, unsecured, due 7/09/2015, simple interest 7%, default interest 10%, stock option.	-	\$	3,750
Note payable to non-related party, unsecured, due 8/05/2015, simple interest 7%, default interest 10%, stock option.	-	\$	10,000

**TransBiotech, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Note payable to non-related party, unsecured, due 9/03/2015, simple interest 7%, default interest 10%, stock option.	-	\$ 1,000
	<u>\$ 1,375,861</u>	<u>\$ 1,405,127</u>
Less note discounts	(22,996)	(10,580)
Less current - related parties	(573,516)	(573,516)
Less current – non-related parties	<u>(612,342)</u>	<u>(654,023)</u>
Long-term – related parties	<u>\$ 167,007</u>	<u>\$ 167,007</u>

Required principal payments from September 30, 2014 forward are as follows:

2014	\$ 1,238,120
2015	\$ 23,709
2016	\$ 43,298
2017	\$ -
2018	\$ -
	<u>\$ 1,305,127</u>

Interest expense under notes payable for the nine months ended September 30, 2014 and September 30, 2013 was \$135,702 and \$91,071, respectively.

During the nine months ended September 30, 2014 and September 30, 2013 the Company recognized a beneficial conversion feature expense on borrowing from convertible notes of \$27,416 and \$152,993 respectively. During the nine months ended September 30, 2014 and September 30, 2013 the unamortized note discount from the beneficial conversion feature was \$10,580 and \$29,164, respectively.

In 2012 the company borrowed \$110,000 under convertible notes with a variable conversion price based on a percentage of market price. Notes converted at December 31, 2013 and September 30, 2014 were \$47,500 and \$34,245, respectively. The Company determined that these notes have an embedded derivative and are therefore accounted for at fair value. The Company recorded fair market value adjustments for the nine months ended September 30, 2014 and September 30, 2013 of \$(10,875) and \$(70,498), respectively. The fair market value adjustments were based on the Black-Scholes method using the following assumptions: risk free rates ranging between 0.10% - 0.13%, dividend yield of 0%, expected life of 1 year, volatility between 295% - 354%. The fair value derivative liability under the notes as of September 30, 2014 and December 31, 2013 was \$72,456 and \$150,067 respectively.

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

**NOTE 5. INCOME TAXES**

Deferred income taxes arise from the temporary differences between financial statement and income tax recognition of net operating losses. These loss carryovers are limited under the Internal Revenue Code should a significant change in ownership occur.

**NOTE 6. STOCK OPTIONS AND SUBSCRIPTIONS PAYABLE**

The Company accounts for employee and non-employee stock options under ASC 718, whereby option costs are recorded based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Unless otherwise provided for, the Company covers option exercises by issuing new shares.

The Company's stock option activity is described below.

Non-employee stock options

At the beginning of 2012, the Company had 22,500 options outstanding for shares in Transbiotec – CA. During the year ended December 31, 2012 no options were exercised or expired, leaving a December 31, 2012 outstanding balance of 22,500 non-employee stock options, exercisable at prices from \$0.10 - \$0.15 per share with the option terms expiring from January 2012 through January 2015. All of these options are for the stock of TransBiotec - CA. During the year ended December 31, 2013 no options were exercised or expired, leaving a December 31, 2013 outstanding balance of 22,500 non-employee stock options, exercisable at \$0.10 per share with the option terms expiring in January 2015. During the nine months ended September 30, 2014, 20,000 options were exercised, leaving a June 30, 2014 outstanding balance of 2,500 non-employee stock options, exercisable at \$0.10 per share with the option terms expiring in January 2015. All outstanding options are for the stock of TransBiotec-CA.

During 2012 the Company granted 29,678 stock options for shares in Transbiotec - DE. The fair value of the option grants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.8%, dividend yield of 0%, expected life of five years, volatility of 189%. No options were exercised or expired, leaving a December 31, 2012 outstanding balance of 29,678 options for Transbiotec – DE. The Company incurred and recorded compensation expense under these stock option grants of \$4,042 in 2012.

During 2013 the Company granted 5,321,735 stock options for shares in Transbiotec - DE. The fair value of the option grants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rates between 7% - 14%, dividend yield of 0%, expected life of five years, volatility between 179% - 186%. No options were exercised or expired, leaving a December 31, 2013 outstanding balance of 5,351,413 options for Transbiotec – DE. The Company incurred and recorded compensation expense under these stock option grants of \$145,997 in 2013.

During the nine months ended September 30, 2014 the Company granted 4,281,317 stock options for shares in TransBiotech - DE. The fair value of the option grants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate between 1.5% - 1.77%, dividend yield of 0%, expected life of five years, a volatility range of 147% - 296%. No options were exercised or expired, leaving a September 30, 2014 outstanding balance of 9,623,730 options for TransBiotech - DE. The Company incurred and recorded compensation expense under these stock option grants of \$47,334 during the nine months ended September 30, 2014.

A summary of stock option activity for California is as follows:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 2013	22,500	\$ .15
Granted	-	-
Exercised	20,000	.35
Forfeited	-	-
Outstanding at September 30, 2014	2,500	\$ .10

Following is a summary of the status of options for California outstanding at September 30, 2014:

<u>Exercise Price</u>	<u>Number of Shares</u>	<u>Weighted Average Contractual Life</u>	<u>Weighted Average Exercise Price</u>	<u>Exercised at Sept. 30, 2013</u>
\$ 0.10	1,500	5 years	0.10	-
\$ 0.10	1,000	5 years	0.10	-
<u>Total</u>	<u>2,500</u>		<u>\$ 0.10</u>	<u>-</u>

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

A summary of stock option activity for Delaware is as follows:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 2013	5,351,413	\$ .09
Granted	4,281,317	.02
Exercised	-	-
Forfeited	-	-
Outstanding at September 30, 2014	<u>9,623,730</u>	<u>\$ .04</u>

Following is a summary of the status of options for Delaware outstanding at September 30, 2014:

<u>Exercise Price</u>	<u>Number of Shares</u>	<u>Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>	<u>Exercised at Sept. 30, 2014</u>
\$ 0.09	29,678	3 years	0.09	-
\$ 0.17	83,333	4 years	0.17	-
\$ 0.17	27,778	4 years	0.17	-
\$ 0.17	362,624	4 years	0.17	-
\$ 0.13	80,914	4 years	0.13	-
\$ 0.13	429,086	4 years	0.13	-
\$ 0.06	38,000	4 years	0.06	-
\$ 0.04	250,000	4 years	0.04	-
\$ 0.04	1,625,000	4 years	0.04	-
\$ 0.05	400,000	4 years	0.05	-
\$ 0.04	75,000	4 years	0.04	-
\$ 0.04	300,000	4 years	0.04	-
\$ 0.02	300,000	4 years	0.02	-
\$ 0.02	1,200,000	4 years	0.02	-
\$ 0.04	150,000	4 years	0.04	-
\$ 0.02	1,500,000	5 years	0.04	-
\$ 0.04	37,603	5 years	0.04	-
\$ 0.02	105,000	5 years	0.04	-
\$ 0.04	29,693	5 years	0.04	-
\$ 0.02	135,000	5 years	0.04	-
\$ 0.04	300,000	5 years	0.04	-
\$ 0.04	75,000	5 years	0.04	-
\$ 0.04	75,758	5 years	0.04	-

\$	0.04	165,915	5 years	0.04	-
\$	0.04	133,262	5 years	0.04	-
\$	0.03	79,787	5 years	0.03	-
\$	0.03	229,714	5 years	0.03	-
\$	0.02	60,000	5 years	0.03	-
\$	0.03	42,283	5 years	0.03	-
\$	0.02	42,283	5 years	0.02	-
\$	0.02	213,833	5 years	0.02	-
\$	0.02	48,649	5 years	0.02	-
\$	0.01	375,000	5 years	0.01	-
\$	0.02	571,313	5 years	0.02	-
\$	0.02	61,224	5 years	0.02	-
Total		<u>9,632,730</u>		<u>\$ 0.04</u>	-

**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

Employee stock options

The parent company had no outstanding employee stock options.

Stock subscriptions payable

At September 30, 2014 and December 31, 2013, the Company had stock subscriptions payable of \$28,067 for 26,000 common shares to be issued.

**NOTE 7. GOING CONCERN**

The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood will be required to make significant future expenditures in connection with continuing marketing efforts along with general administrative expenses. As of September 30, 2014, the accumulated deficit is \$15,572,078. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company may raise additional capital through the sale of its equity securities, through an offering of debt securities, or through borrowings from financial institutions or others. By doing so, the Company hopes to generate revenues from sales of its alcohol sensing and ignition lock systems. Management believes that actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern.

**NOTE 8. COMMON STOCK**

On February 1, 2013, the Company converted a note payable of \$12,000 into 291,262 shares of its common stock, with a purchase price \$0.0412 per share.

On February 6, 2013, the Company entered into an agreement with an unrelated third-party consultant. As payment for the consultant's services, the Company issued 150,000 shares of its common stock on said date valued at \$22,500 with a purchase price of \$0.15 per share.

On February 26, 2013, the Company entered into an agreement with an unrelated third-party consultant. As payment for the consultant's services, the Company issued 450,000 shares of its common stock on said date valued at \$30,600 with a purchase price of \$0.068 per share.



**TransBiotec, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 (UNAUDITED)**

On February 27, 2013, the Company entered into an agreement with an unrelated third-party consultant. As payment for the consultant's services, the Company issued 50,000 shares of its common stock on said date valued at \$16,000 with a purchase price of \$0.32 per share.

On February 27, 2013, the Company entered into an agreement with an unrelated third-party consultant. As payment for the consultant's services, the Company issued 33,333 shares of its common stock on said date valued at \$2,333 with a purchase price of \$0.07 per share.

On May 9, 2013, the Company converted a note payable of \$12,000 into 759,494 shares of its common stock, with a purchase price \$0.0158 per share.

On July 8, 2013, the Company entered into an agreement with an unrelated third-party consultant. As payment for the consultant's services, the Company issued 150,000 shares of its common stock on said date valued at \$6,000 with a purchase price of \$0.04 per share.

On July 12, 2013, the Company converted a note payable of \$10,000 into 775,194 shares of its common stock, with a purchase price \$0.0129 per share.

On August 12, 2013, the Company converted a note payable of \$15,000 into 1,171,875 shares of its common stock, with a purchase price \$0.0128 per share.

On February 10, 2014, the Company converted a note payable of \$4,650 into 1,291,667 shares of its common stock, with a purchase price \$0.0036 per

share.

On April 24, 2014, the Company exchanged 20,000 of TBT-CA shares for 154,520 TBT-Publico shares at an exchange rate of \$7.7263 per share.

On May 13, 2014, the Company converted a note payable of \$9,000 into 1,764,706 shares of its common stock, with a purchase price \$0.0051 per share.

On May 30, 2014, the Company converted a note payable of \$265, including \$210 of accrued interest into 50,000 shares of its common stock, with a purchase price \$0.0095 per share.

On June 3, 2014, the Company converted a note payable of \$5,600, including \$1,500 in accrued interest into 1,690,476 shares of its common stock, with a purchase price \$0.0042 per share.

On July 2, 2014, the Company converted a note payable of \$6,360 into 1,766,667 shares of its common stock, with a purchase price \$0.0036 per share.

On August 19, 2014, the Company converted a note payable of \$7,135 into 2,038,571 shares of its common stock, with a purchase price \$0.0035 per share.

## **ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Disclaimer Regarding Forward Looking Statements**

Our Management's Discussion and Analysis or Plan of Operations contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties

of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

### **Overview**

We have developed an alcohol detection device called “SOBR”. The device is a patented system for use in detecting alcohol in a person’s system by measuring the ethanol content in their perspiration. Once SOBR is developed and tested, we plan to market the device to four primary business segments: (i) as an aftermarket-installed device to companies and institutions that employ or contract with vehicle drivers, such as trucking companies, limousine companies, and taxi cab companies, where the system will be marketed as a preventative drunk driving detection system, with a possible ignition locking device, (ii) the original equipment manufacturing (OEM) market, where the device would be installed in new vehicles during the original building of a vehicle, (iii) companies and institutions that have an interest in monitoring their employees’ or contractors’ alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave or prior to leaving for a mission, and (iv) companies that would want to provide knowledge to their customers of their current alcohol level, such as lounge and bar owners, or customers attending a golfing event. We believe SOBR offers a unique solution to the national alcohol abuse problem.

We have developed a marketing plan that our management believes will gain market recognition for the SOBR device, primarily through trade shows, industry publications, general solicitation, social media, and public relations, as well as hopefully generating the demand for the SOBR device through the use of selling groups, such as channel sales, distributors, and independent sales contractors. We believe the primary market for the in-vehicle SOBR device initially is the commercial vehicle market, such as trucking companies, taxi cab companies, limousine companies, and bus companies. Many of these companies have a significant financial interest in eliminating drunk drivers from their operations. Secondly, individuals may desire to monitor a family member’s vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

We believe the primary market for the portable SOBR device is its use by companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave.

We are currently performing beta testing of SOBR.

#### **Corporate Overview**

We were formed in August 2007 to publish and distribute Image Magazine, a monthly guide and entertainment source for the Denver, Colorado area. We generated only limited revenue and essentially abandoned its business plan in January 2009. On September 19, 2011 we acquired approximately 52% of the outstanding shares of TBT from TBT's directors, in exchange for 12,416,462 shares of our common stock.

On January 31, 2012, we acquired approximately 45% of the remaining outstanding shares of TBT in exchange for 10,973,678 shares of our common stock.

Between the acquisitions in September 2011 and January 2012 we own approximately 97% of the outstanding shares of TBT.

As a result of the acquisition, TBT's business is our business, and, unless otherwise indicated, any references to we or us, include the business and operations of TBT.

TBT as the accounting acquirer in the transaction recorded the acquisition as the issuance of stock for our net monetary assets accompanied by a recapitalization. This accounting for the transaction was identical to that resulting from a reverse acquisition, except that no goodwill or other intangible

assets were recorded.

We have developed and patented a high technology, state-of-the-art transdermal sensing system that detects ethanol alcohol levels through a person's skin.

The following discussion analyzes our financial condition and the results of our operations for the three and nine months ended September 30, 2014.

This discussion and analysis should be read in conjunction with TBT's financial statements included as part of this Quarterly Report on Form 10-Q, as well as TBT's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2013.

*Results of Operations for Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013*

**Summary of Results of Operations**

	<b>Three Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
Revenue	\$ -	\$ -

<b>Operating expenses:</b>		
General and administrative	95,070	158,209
Amortization and Depreciation	194	194
Total operating expenses	95,264	158,403
<b>Operating loss</b>	<b>(95,264)</b>	<b>(158,403)</b>
Interest expense	(48,037)	(25,014)
Interest expense – beneficial conversion feature	(7,751)	(19,501)
Gain (Loss) on fair value adjustment – derivatives	19,135	318,799
Gain on debt reversal	-	81,307
Net income (loss)	\$ (131,917)	\$ 197,188

Operating Loss: Net Income (Loss)

Our net income/(loss) changed by \$329,105, from \$197,188 to (\$131,917), from the three months ended September 30, 2013 compared to September 30, 2014. Our operating loss decreased by \$63,139, from (\$158,403) to (\$95,264) for the same periods. The change in our net income/(loss) for the three months ended September 30, 2014, compared to the prior year period, is primarily a result of a decrease in our general and administrative expenses, a significant decrease in the gain on fair value adjustment – derivatives as a result of the impact of a gain on the conversion of debt due to excess charges in the fair market value of the derivative liability charged in prior periods, and an increase in interest expense due to a beneficial conversion feature in certain of our convertible instruments. These changes are detailed below.

Revenue

We have not had any revenues since our inception. Since September 2011, we have been involved in the development, testing and marketing SOBR, our unique alcohol sensor technology. Although we have not had any sales to date, we believe we are close to our first sales and revenue, possibly during our fourth quarter of 2014, but we must successfully raise money in order to execute on our business plan.

General and Administrative Expenses

General and administrative expenses decreased by \$63,139, from \$158,209 for the three months ended September 30, 2013 to \$95,264 for the three months ended September 30, 2014, primarily due to a decrease in consulting and legal fees.



#### Interest Expense

Interest expense increased from \$25,014 for the three months ended September 30, 2013 to \$48,037 for the three months ended September 30, 2014. For both periods these amounts are largely due to the interest we owe on outstanding debt.

#### Interest Expense – Beneficial Conversion Feature

In the three months ended September 30, 2014 our interest expense includes a beneficial conversion feature of \$7,751, compared to \$19,501 for the three months ended September 30, 2013, both related to a convertible debenture. This expense is amortized over time therefore the significant decrease in the expense was due to less required amortization.

#### Gain (Loss) on Fair Value Adjustment - Derivatives

During the three months ended September 30, 2014, we had a gain on fair value adjustment – derivatives of \$19,315 primarily due to a gain on the conversion of debt due to excess charges in the fair market value of the derivative liability charged in prior periods. Our gain on fair value adjustment – derivatives for the three months ended September 30, 2013 was \$318,799, primarily due to significant decreases in our stock price during that period.

#### *Results of Operations for Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013*

#### **Summary of Results of Operations**

	<b>Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
Revenue	\$ -	\$ -
Operating expenses:		
General and administrative	389,981	621,700
Amortization and Depreciation	582	582
Total operating expenses	390,563	622,282
Operating loss	(390,563)	(622,282)
Interest expense	(135,702)	(91,071)

Interest expense – beneficial conversion feature	(27,416)	(152,993)
Gain (Loss) on fair value adjustment – derivatives	10,875	(70,498)
Gain on debt reversal	-	86,878
Net income (loss)	\$ (542,806)	\$ (849,966)

Operating Loss: Net Loss

Our net loss decreased by \$307,160, from (\$849,966) to (\$542,806), from the nine months ended September 30, 2013 compared to September 30, 2014. Our operating loss decreased by \$231,719, from (\$622,282) to (\$390,563) for the same periods. The change in our net income/(loss) for the nine months ended September 30, 2014, compared to the prior year period is primarily a result of a decrease in our general and administrative expenses, a decrease in the loss on fair value adjustment – derivatives as a result of a gain on the conversion of debt due to excess charges in the fair market value of

the derivative liability charged in prior periods, and a decrease in our interest expense due to a beneficial conversion feature in certain of our convertible instruments, offset by an increase in our interest expense. These changes are detailed below.

#### Revenue

We have not had any revenues since our inception. Since September 2011, we have been involved in the development, testing and marketing SOBR, our unique alcohol sensor technology. Although we have not had any sales to date, we believe we are close to our first sales and revenue, possibly during our fourth quarter of 2014, but we must successfully raise money in order to execute on our business plan.

#### General and Administrative Expenses

General and administrative expenses decreased by \$231,719, from \$621,700 for the nine months ended September 30, 2013 to \$389,981 for the nine months ended September 30, 2014, primarily due to a decrease in consulting and legal fees.

#### Interest Expense

Interest expense increased from \$91,071 for the nine months ended September 30, 2013 to \$135,702 for the nine months ended September 30, 2014. For both periods these amounts are largely due to the interest we owe on outstanding debt.

#### Interest Expense – Beneficial Conversion Feature

In the nine months ended September 30, 2014 our interest expense includes a beneficial conversion feature of \$27,416, compared to \$152,993 for the nine months ended September 30, 2013, both related to a convertible debenture. This expense is amortized over time therefore the significant decrease in the expense was due to less required amortization.

#### Gain (Loss) on Fair Value Adjustment - Derivatives

During the nine months ended September 30, 2014, we had a gain on fair value adjustment – derivatives of \$10,875 primarily due to the impact of increases in our stock price on certain convertible instruments we have outstanding. Our loss on fair value adjustment – derivatives for the nine months ended September 30, 2013 was (\$70,498), primarily due to excess charges we incurred due to the prior methodology used to estimate derivative liability.

***Liquidity and Capital Resources for Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013***

**Introduction**

During the nine months ended September 30, 2014 and 2013, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of September 30, 2014 was \$619 and our monthly cash flow burn rate is approximately \$25,000. As a result, we have significant short term cash needs. These needs are being satisfied through proceeds from the sales of our securities and loans from both related parties and third parties. We currently do not believe we will be able to satisfy our cash needs from our revenues for some time.

Our cash, current assets, total assets, current liabilities, and total liabilities as of September 30, 2014 and as of December 31, 2013, respectively, are as follows:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>	<b>Change</b>
Cash	\$ 619	\$ 0	\$ 619
Total Current Assets	619	0	619
Total Assets	1,267	1,230	37
Total Current Liabilities	2,857,317	2,481,322	375,995
Total Liabilities	\$ 3,024,324	\$ 2,648,329	\$ 375,995

Our current assets were slightly higher as of September 30, 2014 as compared to December 31, 2013, due to us having some cash. The slight increase in our total assets between the two periods was attributed to a slight increase in the value of our fixed assets due to an asset purchase during the nine months ended September 30, 2014.

Our current liabilities increased by \$375,995, as of September 30, 2014 as compared to December 31, 2013. This increase was primarily due to an increase in our accounts payable of \$217,574, an increase in our accrued interest payable of \$99,144, an increase in our related party payables of \$90,000 as a result of compensation owed to a related party, and an increase in our notes payable current, net of \$41,681 as a result of borrowing additional money from non-related parties, partially offset by a decrease in our derivative liability of \$77,611.

In order to repay our obligations in full or in part when due, we will be required to raise significant capital from other sources. There is no assurance, however, that we will be successful in these efforts.

Sources and Uses of Cash

*Operations*

We had net cash used for operating activities of (\$66,424) for the nine months ended September 30, 2014, as compared to (\$340,384) for the nine months ended September 30, 2013. For the period in 2014, the net cash used in operating activities consisted primarily of our net income (loss) of (\$542,806), a change in fair value of derivative liability of (\$10,875), offset by and note payable beneficial conversion expense of \$27,416, stock based compensation of \$47,334, and other of \$411,925, which consisted of Changes in accrued interest, related party payable, and accounts payable. For the period in 2013, the net cash used in operating activities consisted primarily of our net income (loss) of (\$844,163) and gain on debt reversal of (\$86,878), offset by compensatory equity issuances of \$77,433, change in fair value of derivative liability of \$70,498, note payable beneficial conversion expense of \$152,993, and original issue discount – interest expense of \$12,501.

#### *Investments*

We had no cash provided (used) by investing activities in the nine months ended September 30, 2014, compared to net cash provided (used) by investing activities of (\$511) for the nine months ended September 30, 2013, which related fixed asset purchases of \$511.

#### *Financing*

Our net cash provided by financing activities for the nine months ended September 30, 2014 was \$67,043, compared to \$341,732 for the nine months ended September 30, 2013. For the period in 2014, our financing activities related to notes and loans payable – borrowings of \$102,776, offset by notes and loans payables – payments of (\$35,734). For the period in 2013, our financing activities related to notes and loans payable – borrowings of \$346,232 and equity issuances of \$47,500, offset by notes and loans payables – payments of (\$52,000).

#### **Off Balance Sheet Arrangements**

We have no off balance sheet arrangements.



### **ITEM 3 Quantitative and Qualitative Disclosures About Market Risk**

As a smaller reporting company, we are not required to provide the information required by this Item.

### **ITEM 4 Controls and Procedures**

#### **(a) Evaluation of Disclosure Controls Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Disclosure and control procedures are also designed to ensure that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

As of September 30, 2014, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer (our Principal Executive Officer) and chief financial officer (our Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, management is required to apply its reasonable judgment. We also do not have an audit committee. Based on the evaluation described above, and as a result, in part, of not having an audit committee and having one individual serve as our chief executive officer and chief financial officer has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective to the same extent as reported in our Annual Report on Form 10-K for the year ended December 31, 2013.

As funds become available to us, we expect to implement additional measures to improve disclosure controls and procedures.

**(b) Changes in Internal Controls over Financial Reporting**

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

**(c) Officer's Certifications**

Appearing as an exhibit to this quarterly report on Form 10-Q are "Certifications" of our Chief Executive and Financial Officer. The Certifications are required pursuant to Sections 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This section of the quarterly report on Form 10-Q contains information concerning the Controls Evaluation referred to in the Section 302 Certifications. This information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

## **PART II – OTHER INFORMATION**

### **ITEM 1 Legal Proceedings**

On December 6, 2006, Orange County Valet and Security Patrol, Inc. filed a lawsuit against us in Orange County California State Superior Court for Breach of Contract in the amount of \$9,720.00. A default judgment was taken against us in this matter. In mid-2013 we learned the Plaintiff's perfected the judgment against us, but we have not heard from the Plaintiffs for a long period time.

We currently have one outstanding judgment against us involving a past employee of the company. The matter is under the purview of the State of California, Franchise Tax Board, Industrial Health and Safety Collections. We currently owe approximately \$28,277, plus accrued interest, to our ex-employee for unpaid wages under these Orders and are working to get this amount paid off.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of

operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

**ITEM 1A Risk Factors**

As a smaller reporting company, we are not required to provide the information required by this Item.

**ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds**

During the three months ended September 30, 2014, we issued the following unregistered securities:

During the three months ended September 30, 2014, we issued an aggregate of 3,805,238 shares of our common stock, restricted in accordance with Rule 144, to Asher Enterprises, Inc., upon the conversion by Asher of \$13,495 of debt we owe to them under a Convertible Promissory Note, currently in default. Based on the representations of the investor in the Convertible Promissory Note and the Notice of Conversion, the issuance of the shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. The investor was accredited and sophisticated, familiar with our operations, and there was no solicitation.

**ITEM 3 Defaults Upon Senior Securities**

There have been no events which are required to be reported under this Item.

**ITEM 4 Mine Safety Disclosures**

There have been no events which are required to be reported under this Item.

**ITEM 5 Other Information**

There have been no events which are required to be reported under this Item.

## ITEM 6 Exhibits

<u>Item No.</u>	<u>Description</u>
3.1 (1)	Articles of Incorporation of Imagine Media, Ltd.
3.2 (3)	Articles of Amendment to Articles of Incorporation to TransBiotech, Inc.
3.3 (1)	Bylaws of Imagine Media, Ltd.
10.1 (1)	Spin-of Trust Agreement by and between Gregory A. Bloom and Imagine Holding Corp. dated August 10, 2007
10.2 (1)	Form of Work For Hire Agreement
10.3 (1)	Assignment and Assumption Agreement by and between Imagine Holding Corp. and Imagine Media, Ltd. dated August 23, 2007
10.4 (2)	Investment Agreement by and between TransBiotech, Inc. and Kodiak Capital Group, LLC dated August 15, 2012
10.5 (3)	Amendment No. 1 to Investment Agreement by and between TransBiotech, Inc. and Kodiak Capital Group, LLC dated October 18, 2012
10.6 (2)	Registration Rights Agreement by and between TransBiotech, Inc. and Kodiak Capital Group, LLC dated August 15, 2012
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Accounting Officer (filed herewith).
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith).

32.2 Section 1350 Certification of Chief Accounting Officer (filed herewith).

101.INS \*\* XBRL Instance Document

101.SCH \*\* XBRL Taxonomy Extension Schema Document

101.CAL \*\* XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF \*\* XBRL Taxonomy Extension Definition Linkbase Document

101.LAB \*\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE \*\* XBRL Taxonomy Extension Presentation Linkbase Document

\*\* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

- (1) Incorporated by reference from our Registration Statement on Form SB-2, filed with the Commission on January 31, 2008.
- (2) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on September 11, 2012.
- (3) Incorporated by reference from our Registration Statement on Form S-1, filed with the Commission on November 6, 2012.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**TransBiotech, Inc.**

Dated: November 19, 2014

By: /s/ Charles Bennington

Charles Bennington  
President

**Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer**

I, Charles Bennington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TransBiotech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 19, 2014

By: /s/ Charles Bennington

Charles Bennington  
President



**Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer**

I, Charles Bennington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TransBiotech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 19, 2014

By: /s/ Charles Bennington  
Charles Bennington  
Chief Financial Officer and Chief Accounting Officer

**CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of TransBiotech, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2014, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Charles Bennington, President of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 19, 2014

By: /s/ Charles Bennington  
Charles Bennington  
President

A signed original of this written statement required by Section 906 has been provided to TransBiotech, Inc. and will be retained by TransBiotech, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of TransBiotech, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2014, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Charles Bennington, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 19, 2014

By: /s/ Charles Bennington  
Charles Bennington  
Chief Financial Officer and Chief Accounting Officer

A signed original of this written statement required by Section 906 has been provided to TransBiotech, Inc. and will be retained by TransBiotech, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.