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

Form 10-K

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

☐ TRANSITION REPORT UNDER 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	**26-0731818**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
400 N. Tustin Ave., Suite 225 Santa Ana, CA	**92705**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (562) 280-0483

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.001
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes☐ No ☒

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 Website, 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 and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

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

Aggregate market value of the voting and non-voting stock held by non-affiliates as of June 30, 2016: $292,142.41 as based on last reported sales price of such stock on June 30, 2016. The voting stock held by non-affiliates on that date consisted of 48,690,401 shares of common stock.

Applicable Only to Registrants Involved in Bankruptcy Proceedings During the Preceding Five Years:

Indicate by check mark whether the registrant has 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 ☐

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of April 17, 2017, there were 100,000,000 shares of common stock, $0.001 par value, issued and outstanding.

Documents Incorporated by Reference

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). **None.**

TransBiotec, Inc.

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PART I

Explanatory Note

This Annual Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (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 possible or assumed future results of operations of the Company set forth under the heading “Management's Discussion and Analysis of Financial Condition or Plan of Operation.” 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. The Company's 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 - BUSINESS

Corporate History

We were incorporated under the name Imagine Media, Ltd. on August 10, 2007. From inception through early 2009, our business was to publish and distribute Image Magazine, a monthly entertainment guide for the Denver, Colorado area. We generated only limited revenue and essentially abandoned our business plan in January 2009.

On September 19, 2011, we acquired approximately 52% of the outstanding shares of TransBiotec, Inc., (“TBT”) from TBT’s directors in exchange for 12,416,462 shares of our common stock. These directors of TBT were Charles Bennington, Devadatt Mishal, Nicholas Limer, and Sam Satyanarayana. At the time, these shares represented approximately 52% of our outstanding common stock. TBT was a California corporation. In connection with this transaction, two of our officers resigned and Charles Bennington and Nicholas Limer were appointed as directors and as our President, Chief Executive Officer, and Chief Financial Officer, and our Secretary, respectively, and Ronald Williams was appointed as our Chief Technology Officer.

On January 17, 2012, our Board of Directors amended our Certificate of Incorporation changing our name from Imagine Media, Ltd. to TransBiotec, Inc. 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. In connection with this transaction two of our directors resigned and Sam Satyanarayana, Ronald Williams and Devadatt Mishal were appointed directors. As a result of the September 2011 and January 2012 acquisitions of TBT common stock, we currently own approximately 97% of the outstanding shares of TBT, and we control its board of directors and officer positions. The remaining 3% are owned by non-affiliated individuals that did not participate in the share exchange.

As a result of the acquisition, TBT's business is our business and, unless otherwise indicated, any references to "us" or "we" includes the business and operations of TBT. Due to our 97% ownership of TBT, its operations are combined with ours in the attached financial statements.

Our offices are located at 400 N. Tustin Ave., Suite 225, Santa Ana, CA, 92705, telephone number (714) 667-7139.

Business Overview

General

We have developed an alcohol detection device called "SOBR". The device is a patented device for use in detecting alcohol in a person's system by testing the ethanol content in their perspiration. We plan to market the device to two primary business segments: (i) companies and institutions that employ or contract with vehicle drivers, where the system will be marketed as a preventative drunk driving detection system, with a possible ignition locking device, and (ii) 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, and the military for personnel returning to a military base from off-base leave. Currently, we have several "prototype" units fully-developed that we believe are ready for use, but are also constantly looking for ways to improve the device and will develop it further if we find improvements to the device.

Regarding the use in vehicles, we believe SOBR offers a unique solution to the national drunk driving problem and are currently performing beta testing of SOBR for this use. Our objective is to grow our sales and manufacturing of SOBR by aggressively pursuing the original equipment market ("OEM") once final beta testing is completed. We intend to seek an experienced OEM partner to introduce SOBR to the new automotive market. We believe that an increase in public awareness and consumer interest will generate a demand for alcohol sensing technology and we hope that auto manufactures will begin installing SOBR as a factory installed option. We will also market SOBR to international car manufacturers which may want to gain a market advantage over domestic auto manufacturers. We will seek to enter other markets as well, such as commercial trucking, as well as seek to have included in federal legislation a requirement that a alcohol sensing devices with ignition locking systems be retrofitted in all vehicles in the U.S.

Although we are still performing beta testing of SOBR, on January 15, 2016, we received a purchase order from our distributor, AG Global Capital, for 250 of our SOBR Ignition Interlock devices. These devices were for a trucking company located in Turkey. Under the terms of the purchase order we would receive $35,000 as payment for the devices once the devices are delivered. However, during 2016, the purchaser notified our distributor that they wish to put the purchase order on hold due to the political and social unrest in Turkey in order to see how things play out. In connection with the purchaser order we produced ten prototype units that we have now circulated to other potential interested parties and those devices are currently being used in trial test runs by several potential purchasers.

Our website is www.transbiotec.com.

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Principal Products and Services

(photo of Updated SOBR sensor)

Our only product is SOBR. The SOBR device is a patented device for use in detecting alcohol in a person's system by measuring the ethanol content in their perspiration and determining whether that level is over or under a preset level set by the installer or a trained technician. SOBR works by having an individual touch a sensor for approximately six seconds, the sensor is specific to ethanol. It detects ethanol secreted through sweat that emanates from the hands. The product is produced in two basic forms. The first is an in-vehicle system that can be connected to an interlock system to prevent the operation of the vehicle in the event the sensor detects measurable ethanol content. The second product is a portable unit that can be used anywhere.

The in-vehicle unit can be in any machine, including automobiles, buses, trucks, boats and aircraft. Once the driver touches the sensor for approximately six seconds, the SOBR device detects ethanol secreted through sweat that emanates from the hands. If the vehicle is fitted with an interlock device, then the ethanol level is instantly translated into an engine "start" or "no-start" signal. SOBR can also initiate random real-time tests while the vehicle is operating to ensure that the operator's ethanol level does not increase over the preset limit after the vehicle is started. If the system is tampered with while parked, the vehicle will not start. If the device is tampered with while driving, alarms will activate, such as the vehicle lights and horn, drawing attention to the vehicle. If a vehicle is equipped with a Global Positioning System, or Data Transmission Module, SOBR can alert fleet operators or others monitoring a vehicle of the detection of alcohol above preset levels.

When SOBR is installed in a vehicle the system is virtually unnoticeable, unlike breathalyzer ignition interlock systems. SOBR requires approximately one hour to install in a vehicle. The control box can be mounted under the dash in the interior of the vehicle. In new vehicles the sensor can be installed as part of the steering wheel. In retrofits, the sensor is installed on the dashboard for easy access. We believe that our cost to manufacture a SOBR device will be approximately $100, and if the unit is installed in a vehicle the installation cost will be approximately $75. SOBR requires a semi-annual recalibration much like current smog devices. The recalibration is accomplished with a hand held device plugged into the control box and requires a trained technician approximately one hour to complete.

We plan to license the installation and recalibration rights to the automotive service industry.

The portable unit is similar in size and looks to a black, non-flip mobile telephone and can be temporarily attached to a solid fixture for more convenient usage. The portable unit can be used to test individuals before they are allowed to perform certain functions. As a portable unit the system will signal through the use of lights whether the tested individual is over a preset level. The company utilizing the device may then use the information how it sees fit.

Marketing

We have developed a marketing plan that our management believes will gain market recognition, as well as hopefully generate demand, for the SOBR device, primarily through trade shows, industry publications, general solicitation, social media, and public relations. We plan to sell 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. Secondarily, 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.

As a result, we initially plan to market SOBR to the voluntary, commercial market:

- commercial transportation companies that operate tractor trailers, taxis, construction vehicles, boats, trains, aircraft and other vehicles;
- local, state and federal government agencies that operate fire trucks, police cars and public transportation systems; and
- individuals that desire to monitor a family member's vehicle, such as a vehicle operated by a minor.

a variety of government and military employees, such as sailors in the Navy who might be tested before boarding a ship after off-base leave.

We plan to establish a distribution system of individuals and companies including value-added resellers (VARS), channel sales teams, and independent contractors, to sell the products to the market.

On July 10, 2014, we entered into a Master Distribution Agreement with A.G. Global Capital ("A.G. Global"), pursuant to which A.G. Capital will be the exclusive distributor of our SOBR alcohol testing device in the Republic of Turkey ("Turkey"), the Kingdom of Sweden ("Sweden") and the Gulf Cooperation Council ("GCC") comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates, the Republic of Azerbaijan.

Although we are still performing beta testing of SOBR, on January 15, 2016, we received a purchase order from our distributor, AG Global Capital, for 250 of our SOBR Ignition Interlock devices. These devices were for a trucking company located in Turkey. Under the terms of the purchase order we would receive $35,000 as payment for the devices once the devices are delivered. However, during 2016, the purchaser notified our distributor that they wish to put the purchase order on hold due to the political and social unrest in Turkey in order to see how things play out. In connection with the purchaser order we produced ten prototype units that we have now circulated to other potential interested parties and those devices are currently being used in trial test runs by several potential purchasers.

Manufacturing

We manufactured the prototype SOBR devices we have to date (approximately 10 devices) in-house from over-the-counter components. The primary part is the sensor, which is an over-the-counter sensor, which we program in-house with our proprietary programming to have the sensor perform the necessary functions in the SOBR device. Currently, we use one specific sensor from one manufacturer but we believe that we would be able to use other sensor in the event this manufacturer stopped selling the sensor we currently use.

Eventually, if we grow and need to mass manufacture the device, we are planning to manufacture of all components of the SOBR, as well as component assembly, through subcontracted to third parties and perform the final assembly, testing and calibration of the SOBR device at the company's California location. In order to assemble the SOBR device a manufacturer only needs the space, manpower, and common, non-exotic equipment.

We are actively working with outside engineering firms for testing and validation. We are progressing and encouraged with the initial findings. We have ongoing discussions with a couple of industrial design firms to work with us on the final design for the launch of the product. We expect to complete our final internal testing shortly and move forward with the steps necessary to bring a much-needed product to market.

Competition

Currently, to our knowledge, breath analyzer ignition interlocks are the only products on the market which can detect alcohol and lock the ignition system of a vehicle. There are several limitations inherent with current design of breath analyzers that can be circumvented and are invasive in their appearance and use. At present, their market is substantially made up of the mandated market (the legal market as a punitive testing device). If breath analyzer sales occur outside the mandated market, to our knowledge, that represents a much smaller sales number as percentage of business.

We believe SOBR has the following advantages over the majority of traditional breath analyzers:

- Can be programmed to work during the entire operation of the vehicle without distracting the driver;
- The system can be considered as non-invasive comparatively
- Easy retro fit installation;
- Unobtrusive in the vehicle;
- Difficult to circumvent;
- Possible opportunity for the consumer to obtain insurance discounts that could offset some costs of the system. Although presently no insurance company is offering a premium discount, nor do we see that happening in the near future.

To date the breath analyzer companies are predominantly focused on the mandated market and are not pursuing the commercial market with the same effort.

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Intellectual Property

As a portable unit the system will signal through the use of lights that the tested individual is over a preset level.

When SOBR is installed in a vehicle the system is less noticeable than the most common breathalyzer ignition interlock systems. SOBR requires approximately one hour to install in a vehicle. The control box can be mounted under the dash in the interior of the vehicle. In new vehicles the sensor can be installed as part of the steering wheel as well as many other places in the vehicle that are convenient easily assessable to the driver In retrofits, the sensor is installed on the dashboard for easy access. We believe that our cost to manufacture a SOBR device will be approximately $100, and if the unit is installed in a vehicle the installation cost will be approximately $75. SOBR requires a semi-annual recalibration much like current smog devices. The recalibration is accomplished with a hand held device plugged into the control box and requires a trained technician approximately one hour to complete.

We plan to license the installation and recalibration rights to various retail and service businesses in the automotive service industry.

SOBR is protected by the following three patents, filed with the United States Patent and Trademark Office.

1. Patent 6620108, which expires on December 26, 2021, pertains to the technology that identifies the vehicle's operator.

2. Patent 7173536, which expires on August 28, 2024, pertains to the substance detection and alarm system.

3. Patent 7377186, which expires on April 6, 2025, pertains to the interface system between the substance detection system and vehicle ignition system.

Government Regulation

At the present time, only the judicially-mandated market is regulated. Devices sold into this market must be approved by state government agencies. Since we plan to enter this market last, we will not, initially, be subject to government regulation. Although we realize we would be subject to regulation if and when we were to enter the mandated market.

Regarding the use in vehicles, we believe SOBR offers a unique solution to the national drunk driving problem and have been and are continuing to perform beta testing of SOBR for this use. Our objective is to grow our sales and manufacturing of SOBR by aggressively pursuing the original equipment market ("OEM") once final beta testing is completed. We intend to seek an experienced OEM partner to introduce SOBR to the new automotive market. We believe that an increase in public awareness and consumer interest as well as potential cost savings will generate a demand for alcohol sensing technology. We hope that auto manufactures will begin installing SOBR as a factory installed option. If that happens we expect it would occur for some time in the future. We will also market SOBR to international car manufacturers which may want to gain a market advantage over domestic auto manufacturers. We will seek to enter other markets as well, such as commercial trucking, as well as seek to have included in federal legislation a requirement that alcohol sensing devices with ignition locking systems be retrofitted in all vehicles in the U.S. France is one country that has created laws that mandate vehicles to have an alcohol detection device on all private vehicles.

Regarding the use in monitoring employees and contractors in certain industries, such as surgeons, pilots and the military, we are in the process of meeting with potential customers in certain identified business segments.

Currently, we do not have the money or funding to achieve the above goals and we will not be able to achieve our goals unless we are successful in obtaining funding through this offering and potentially future offerings as well, all which may serve to dilute the ownership position of our current and future shareholders.

Employees

As of December 31, 2016, we do not have any employees. Our executive officers are independent contractors.

Available Information

We are a fully reporting issuer, subject to the Securities Exchange Act of 1934. Our Quarterly Reports, Annual Reports, and other filings can be obtained from the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. You may also obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at http://www.sec.gov.

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ITEM 1A. - RISK FACTORS.

As a smaller reporting company we are not required to provide a statement of risk factors. However, we believe this information may be valuable to our shareholders for this filing. We reserve the right to not provide risk factors in our future filings. Our primary risk factors and other considerations include:

We have a limited operating history and historical financial information upon which you may evaluate our performance.

You should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages of development. We may not successfully address these risks and uncertainties or successfully implement our existing and new products. If we fail to do so, it could materially harm our business and impair the value of our common stock. Even if we accomplish these objectives, we may not generate the positive cash flows or profits we anticipate in the future. We were incorporated in Delaware on August 10, 2007. Our business to date business focused on developing and improving our product, filing patents, and hiring management and staff personnel. Unanticipated problems, expenses and delays are frequently encountered in establishing a new business and developing new products. These include, but are not limited to, inadequate funding, lack of consumer acceptance, competition, product development, and inadequate sales and marketing. The failure by us to meet any of these conditions would have a materially adverse effect upon us and may force us to reduce or curtail operations. No assurance can be given that we can or will ever operate profitably.

We may not be able to meet our future capital needs.

To date, we have not generated any revenue and we have limited cash liquidity and capital resources. Our future capital requirements will depend on many factors, including our ability to develop our products, cash flow from operations, and competing market developments. We will need additional capital in the near future. Any equity financings will result in dilution to our then-existing stockholders. Sources of debt financing may result in high interest expense. Any financing, if available, may be on unfavorable terms. If adequate funds are not obtained, we will be required to reduce or curtail operations.

If we cannot obtain additional funding, our product development and commercialization efforts may be reduced or discontinued and we may not be able to continue operations.

We have historically experienced negative cash flows from operations since our inception and we expect the negative cash flows from operations to continue for the foreseeable future. Unless and until we are able to generate revenues, we expect such losses to continue for the foreseeable future. As discussed in our financial statements, there exists substantial doubt regarding our ability to continue as a going concern.

Product development efforts are highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations through one or more methods, including but not limited to, issuing additional equity or debt.

In addition, we may also raise additional capital through additional equity offerings, and licensing our future products in development. While we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that we will be successful in licensing our future products. Based on our current projections, we believe we have insufficient cash on hand to meet our obligations as they become due based on current assumptions. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

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Current economic conditions and capital markets are in a period of disruption and instability which could adversely affect our ability to

access the capital markets, and thus adversely affect our business and liquidity.

The current economic conditions and financial crisis have had, and will continue to have, a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. The shortage of liquidity and credit combined with the substantial losses in worldwide equity markets could lead to an extended worldwide recession. We may face significant challenges if conditions in the capital markets do not improve. Our ability to access the capital markets has been and continues to be severely restricted at a time when we need to access such markets, which could have a negative impact on our business plans. Even if we are able to raise capital, it may not be at a price or on terms that are favorable to us. We cannot predict the occurrence of future disruptions or how long the current conditions may continue.

Because we face intense competition, we may not be able to operate profitably in our markets.

The market for our product is highly competitive and is becoming more so, which could hinder our ability to successfully market our products. We may not have the resources, expertise or other competitive factors to compete successfully in the future. We expect to face additional competition from existing competitors and new market entrants in the future. Many of our competitors have greater name recognition and more established relationships in the industry than we do. As a result, these competitors may be able to:

- develop and expand their product offerings more rapidly;
- adapt to new or emerging changes in customer requirements more quickly;
- take advantage of acquisition and other opportunities more readily; and
- devote greater resources to the marketing and sale of their products and adopt more aggressive pricing policies than we can.

If our products do not gain expected market acceptance, prospects for our sales revenue may be affected.

We intend to use the SOBR device in the commercial market, as opposed to the judicially-mandated market. Currently, most alcohol sensing devices are breath analyzers used in the judicially-mandated market where the use is usually required by law as a punishment for the committing a crime. We will be asking commercial industries, auto manufacturers, companies that have commercial vehicles as their primary business (limousine companies, taxi cab companies, truck drivers, etc.), and companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities (such as surgeons, pilots, and the military, adopt a new requirement that their employees or contractors must abide in order to remain employed. While we believe this will be attractive to many companies and industries we must achieve some level of market acceptance to be successful. If we are unable to achieve market acceptance our investors could lose their entire investment.

If critical components become unavailable or contract manufacturers delay their production, our business will be negatively impacted.

Currently, we manufacture the limited number of SOBR™ prototype devices we have developed by applying our proprietary know-how to "off the shelf" parts and components. However, if we are successful in our growth plan, the eventually we will have to contract out our manufacturing of the devices. At that time, the stability of component supply will be crucial to determining our manufacturing process. Due to the fact we currently manufacture the device from "off the shelf" parts and components, all of our critical devices and components are supplied by certain third-party manufacturers, and we may be unable to acquire necessary amounts of key components at competitive prices.

If we are successful in our growth, outsourcing the production of certain parts and components would be one way to reduce manufacturing costs. We plan to select these particular manufacturers based on their ability to consistently produce these products according to our requirements in an effort to obtain the best quality product at the most cost effective price. However, the loss of all or one of these suppliers or delays in obtaining shipments would have an adverse effect on our operations until an alternative supplier could be found, if one may be located at all. If we get to that stage of growth, such loss of manufacturers could cause us to breach any contracts we have in place at that time and would likely cause us to lose sales.

If our contract manufacturers fail to meet our requirements for quality, quantity and timeliness, our business growth could be harmed.

We eventually plan to outsource the manufacturing of SOBR to contract manufacturers. These manufacturers will procure most of the raw materials for us and provide all necessary facilities and labor to manufacture our products. If these companies were to terminate their agreements with us without adequate notice, or fail to provide the required capacity and quality on a timely basis, we would be delayed in our ability or unable to process and deliver our products to our customers.

Our products could contain defects or they may be installed or operated incorrectly, which could reduce sales of those products or result in claims against us.

Although we have quality assurance practices to ensure good product quality, defects still may be found in the future in our future products.

End-users could lose their confidence in our products and Company when they unexpectedly use defective products or use our products improperly. This could result in loss of revenue, loss of profit margin, or loss of market share. Moreover, because our products may be employed in the automotive industry, if one of our products is a cause, or perceived to be the cause, of injury or death in a car accident, we would likely be subject to a claim. If we were found responsible it could cause us to incur liability which could interrupt or even cause us to terminate some or all of our operations.

If we are unable to recruit and retain qualified personnel, our business could be harmed.

Our growth and success highly depend on qualified personnel. Competition in the industry could cause us difficulty in recruiting or retaining a sufficient number of qualified technical personnel, which could harm our ability to develop new products. If we are unable to attract and retain necessary key talents, it would harm our ability to develop competitive product and retain good customers and could adversely affect our business and operating results.

We may be unable to adequately protect our proprietary rights.

We currently have three "use" patents covering the SOBR device and one other pending with the USPTO. These are not patents over the components of the device, but instead covering the use of those components in the SOBR device. Our ability to compete partly depends on the superiority, uniqueness and value of our intellectual property. To protect our proprietary rights, we will rely on a combination of patent, copyright and trade secret laws, confidentiality agreements with our employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of our intellectual property:

- Our applications for patents relating to our business may not be granted and, if granted, may be challenged or invalidated;
- Issued patents may not provide us with any competitive advantages;
- Our efforts to protect our intellectual property rights may not be effective in preventing misappropriation of our technology;
- Our efforts may not prevent the development and design by others of products or technologies similar to or competitive with, or superior to those we develop; or
- Another party may obtain a blocking patent and we would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in our products.

We may become involved in lawsuits to protect or enforce our patents that would be expensive and time consuming.

In order to protect or enforce our patent rights, we may initiate patent litigation against third parties. In addition, we may become subject to interference or opposition proceedings conducted in patent and trademark offices to determine the priority and patentability of inventions. The defense of intellectual property rights, including patent rights through lawsuits, interference or opposition proceedings, and other legal and administrative proceedings, would be costly and divert our technical and management personnel from their normal responsibilities. An adverse determination of any litigation or defense proceedings could put our pending patent applications at risk of not being issued.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, during the course of this kind of litigation, confidential information may be inadvertently disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could have a material adverse effect on our business and our financial results.

If we fail to maintain an effective system of internal controls or discover material weaknesses in our internal controls over financial reporting, we may not be able to report our financial results accurately or timely or to detect fraud, which could have a material adverse effect on our business.

An effective internal control environment is necessary for us to produce reliable financial reports and is an important part of our effort to prevent financial fraud. We are required to periodically evaluate the effectiveness of the design and operation of our internal controls over financial reporting. Based on these evaluations, we may conclude that enhancements, modifications, or changes to internal controls are necessary or desirable. While management evaluates the effectiveness of our internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure of human judgment. In addition, control procedures are designed to reduce rather than eliminate business risks. If we fail to maintain an effective system of internal controls, or if management or our independent registered public accounting firm discovers material weaknesses in our internal controls, we may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on our business, including subjecting us to sanctions or investigation by regulatory authorities, such as the Securities and Exchange Commission. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline or limit our access to capital.

Our common stock has been thinly traded and we cannot predict the extent to which a trading market will develop.

Our common stock is quoted on the OTC Markets. Our common stock is thinly traded compared to larger more widely known companies. Thinly traded common stock can be more volatile than common stock trading in an active public market. We cannot predict the extent to which an active public market for our common stock will develop or be sustained after this offering.

Because we are subject to the "penny stock" rules, the level of trading activity in our stock may be reduced.

Our common stock is traded on the OTC Markets. Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on NASDAQ. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and “accredited investors” must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

ITEM 1B - UNRESOLVED STAFF COMMENTS

This Item is not applicable to us as we are not an accelerated filer, a large accelerated filer, or a well-seasoned issuer; however, we have not received written comments from the Commission staff regarding our periodic or current reports under the Securities Exchange Act of 1934 within the last 180 days before the end of our last fiscal year.

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ITEM 2 - PROPERTIES

Our executive offices, consisting of approximately 500 square feet, are located at 400 N. Tustin Avenue, Suite 225, Santa Ana, California 92705. We do not own our own manufacturing facility but plan to outsource with third party manufacturing companies for our manufacturing.

ITEM 3 - 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 of 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 $28,786, plus accrued interest, to our exemployee 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 4 - MINE SAFETY DISCLOSURES

There is no information required to be disclosed under this Item.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is currently quoted on the OTC Markets under the symbol "IMLE." We were listed on March 18, 2009. The following table sets forth the high and low bid information for each quarter within the fiscal years ended December 31, 2016 and 2015, as best we could estimate from publicly-available information. The information reflects prices between dealers, and does not include retail markup, markdown, or commission, and may not represent actual transactions.

Fiscal Year Ended December 31,	Period	Bid Prices	
		High	Low
2015	First Quarter	$0.0024	$0.0019
	Second Quarter	$0.0032	$0.0017
	Third Quarter	$0.0040	$0.0024
	Fourth Quarter	$0.0087	$0.0025
2016	First Quarter	$0.02	$0.0030
	Second Quarter	$0.02	$0.0038
	Third Quarter	$0.0135	$0.0045
	Fourth Quarter	$0.0083	$0.0050

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

As of December 31, 2016, we had not adopted any stock option or bonus plans.

Holders

As of December 31, 2016, there were approximately 67,751,068 shares of our common stock outstanding held by 140 holders of record and numerous shares held in brokerage accounts. As of April 10, 2017, there were 100,000,000 shares of our common stock outstanding held by 148 holders of record. Of these shares, 48,576,401 were held by non-affiliates. As of June 30, 2016, there were 48,690,401 shares held by non-affiliates, which we valued at $292,142.41, based on our closing share price of $0.006 on June 30, 2016.

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Warrants

There is currently three outstanding options to purchase TransBiotec, Inc. common stock, one with the option purchase 25,000 shares of TransBiotec, Inc.'s common stock at $0.25 per share, and one with the option purchase 250,000 shares of TransBiotec's common stock at $0.007 per share, and one with the option purchase for 450,000 shares at $0.068 and no warrants to purchase shares of our common stock. We do have convertible debentures outstanding that permit the holder to convert the outstanding obligation into shares of our common stock.

Dividends

There have been no cash dividends declared on our common stock, and we do not anticipate paying cash dividends in the foreseeable future. Dividends are declared at the sole discretion of our Board of Directors.

Securities Authorized for Issuance Under Equity Compensation Plans

There are no outstanding options or warrants to purchase shares of our common stock under any equity compensation plans.

As of December 31, 2016, we did not have any equity compensation plans. As a result, we did not have any options, warrants or rights outstanding as of December 31, 2016.

Preferred Stock

As of December 31, 2016, we had 1,388,575 shares of our Series A Preferred Stock outstanding, held by two holders. By amendments entered into with these two holders in February 2017, our shares of Series A Preferred Stock are not convertible into shares of our common stock until such time as we have increased our authorized common stock in order to permit conversions of the Series A Preferred Stock. Once we have sufficient authorized common stock, shares of our Series A Preferred Stock are convertible at a 35% discount rate to the average closing price per share of our common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion. However, no conversions of the Series A Preferred Stock to shares of our common stock can occur unless the average closing price per share of the Corporation's common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion is at least Five Cents ($0.05). The shares of Series A Preferred Stock vote on an "as converted" basis. Since the shares are not currently convertible, they cannot be voted until we increase our authorized common stock sufficient to permit conversions.

Recent Issuance of Unregistered Securities

During the three months ended December 31, 2016, we issued, or agreed to issue, the following unregistered securities:

None.

If our stock is listed on an exchange we will be subject to the Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

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ITEM 6 - SELECTED FINANCIAL DATA

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

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

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 Annual 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. Secondarily, 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 primarily 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.

Although we are still performing beta testing of SOBR, on January 15, 2016, we received a purchase order from our distributor, AG Global Capital, for 250 of our SOBR Ignition Interlock devices. These devices were for a trucking company located in Turkey. Under the terms of the purchase order we would receive $35,000 as payment for the devices once the devices are delivered. However, during 2016, the purchaser notified our distributor that they wish to put the purchase order on hold due to the political and social unrest in Turkey in order to see how things play out. In connection with the purchaser order we produced ten prototype units that we have now circulated to other potential interested parties and those devices are currently being used in trial test runs by several potential purchasers.

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 blood alcohol levels through a person's skin.

The following discussion:

- summarizes our plan of operation; and
- analyzes our financial condition and the results of our operations for the year ended December 31, 2015.

This discussion and analysis should be read in conjunction with TBT's financial statements included as part of this Annual Report.

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Results of Operations for the Years Ended December 31, 2016 and 2015

Results of Operations

Summary of Results of Operations

	Year Ended December 31,	
	2016	**2015**
Revenue	$ -	$ -
Operating expenses:		
General and administrative	396,143	446,983
Amortization and Depreciation	-	454
Total expenses	396,143	447,437
Operating loss	(396,143)	(447,437)
Interest expense	(218,339)	(251,500)
Interest expense - beneficial conversion feature	15,250	(23,750)
Gain (loss) on fair value adjustment – derivatives	-	25,456
Gain on debt reversal	-	485

Net loss	$ (599,232)	$ (696,746)

Operating Loss; Net Loss

Our net loss increased by $82,524, from $696,746 to $779,270 from the year ended 2015 compared to 2016. Our operating loss decreased by $51,294, from $447,437 to $396,143 for the same period. The change in our net loss for the year ended December 31, 2016, compared to the prior year is primarily a result of a decrease in our general and administrative expenses offset by gains in our interest expense related to beneficial conversion features of convertible notes and accrued interest on non-convertible notes payable. 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 sensing technology. Although we have not had any sales to date, we believe we are close to our first sales and revenue, possibly during the first six months of our fiscal year ended December 31, 2017, but we believe that will be dependent upon on our ability to raise sufficient money to bring the SOBR device to market.

General and Administrative Expenses

General and administrative expenses decreased by $50,840, from $446,983 for the year ended December 31, 2015 to $396,143 for the year ended December 31, 2016, primarily due to decreases in preproduction development and design costs and stock compensation expense.

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Interest Income/Expense

Interest expense decreased by $33,161 to $218,339 for the year ended December 31, 2016. The decrease relates to the fact we incurred less interest expense on certain loans where we borrowed money during 2016 compared to 2015. In addition, certain loan payable were converted to preferred shares in 2015 which also attributed to the decrease in interest expense.

Gain (Loss) on Fair Value Adjustment - Derivatives

During the year ended December 31, 2016, we did not incur a loss or gain on fair value adjustment - derivatives, compared to a gain of $25,456 for the year ended December 31, 2015.

Interest Expense - Beneficial Conversion Feature

In the year ended December 31, 2016 our interest expense-beneficial conversion feature was $15,250, compared to ($23,750) for the year ended December 31, 2015, all related to a convertible debenture whose beneficial conversion feature was reversed in 2016 due to us having convertible shares and stock options that if converted and issued would be in excess of our authorized common stock amount of 100,000,000.

Liquidity and Capital Resources

Introduction

During the years ended December 31, 2016 and 2015, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of December 31, 2016 was $14,305 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 short terms promissory notes. We currently do not believe we will be able to satisfy our cash needs from our revenues for some time and there is no guarantee will be successful in the future satisfying these needs through the proceeds from the sales of our securities.

Our cash, current assets, total assets, current liabilities, and total liabilities as of December 31, 2016 and 2015, respectively, are as follows:

	December 31, 2016	December 31, 2015	Change
Cash	$ 14,305	$ 7,851	$ 6,454
Total Current Assets	14,305	7,851	6,454
Total Assets	14,305	7,851	6,454
Total Current Liabilities	3,026,185	2,162,376	863,809
Total Liabilities	$ 3,026,185	$ 2,162,376	$ 863,809

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Our current assets increased by $6,454 as of December 31, 2016 as compared to December 31, 2015. The increase in our current assets between the two periods was attributed to an increase in our cash on hand of $6,454.

Our current liabilities increased by $863,809, as of December 31, 2016 as compared to December 31, 2015. A large portion of this increase was due to increases in our accrued interest payable, notes payable to related parties, derivative liability payable, notes payable-current, and our related party payables, partially offset by a decrease in our accounts payable. As a result, our total liabilities also decreased by $863,809.

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.

Cash Requirements

We had cash available as of December 31, 2016 of $14,305 and $7,851 on December 31, 2015. Based on our revenues, cash on hand and current monthly burn rate of approximately $25,000, we will need to continue borrowing from our shareholders and other related parties, and/or raise money from the sales of our securities, to fund operations.

Sources and Uses of Cash

Operations

We had net cash used for operating activities of $131,473 for the year ended December 31, 2016, as compared to $120,749 for the year ended December 31, 2015. In 2016, the net cash used for operating activities consisted primarily of our net loss of $595,130 adjusted primarily by stock based compensation of $34,750 primarily related to the gain on the conversion of related party debt to equity, partially offset by note payable beneficial conversion expense of ($21,500) and stock option expense of ($7,512); and changes in assets and liabilities of accounts payable of ($272,280), stock subscription payable of ($27,801), accrued interest payable of $120,156, related party payable of $615,275, note payable of $6,250, and other payable of $20,421. In 2015, the net cash used for operating activities consisted primarily of our net loss of $691,734, adjusted primarily by note payable beneficial conversion expense of $23,750, stock option expense of $26,229, partially offset by change in fair value of derivative liabilities of ($25,456), in addition to changes in assets and liabilities of accounts payable of $221,678, stock subscription payable of $27,815, note payable of $321,172, accrued interest payable of ($136,726), related party payable of $116,391, and other payable of ($4,322).

Investments

We did not have any cash used for investing activities in the years ended December 31, 2016 and December 31, 2015.

Financing

Our net cash provided by financing activities for the year ended December 31, 2016 was $137,927, compared to $127,977 for the year ended December 31, 2015. For 2016, our financing activities related to net proceeds from notes payable. For 2015, our financing activities related to net proceeds from share issuances of $1,502, net proceeds from notes payable of $154,315, and net payments from notes payable of ($27,840).

Contractual Obligations

As of December 31, 2016, we had the following contractual obligations for 2017 through 2021:

	2017 (1)	2018	2019	2020	2021	Total
Debt obligations	$ -	$ -	$ -	$ -	$ -	$ -
Capital leases	-	-	-	-	-	-
Operating leases	49,200	49,200	24,600	-	-	123,000
	$ 49,200	$ 49,200	$ 24,600	$ -	$ -	$ 123,000

(1) The interest amount for the contractual obligation for 2017 has been estimated.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

ITEM 7A - 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 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For a list of financial statements and supplementary data filed as part of this Annual Report, see the Index to Financial Statements beginning at page F-1 of this Annual Report.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no items required to be reported under this Item.

ITEM 9A - CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our Principal Accounting Officer), of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a - 15(c) and 15d - 15(e)). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer, who are our principal executive officer and principal financial officers, respectively, concluded that, as of the end of the period ended December 31, 2016, our disclosure controls and procedures were not effective (1) to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to us, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer (our Principal Accounting Officer) do not expect that our disclosure controls or internal controls will prevent all error and all fraud. No matter how well conceived and operated, our disclosure controls and procedures can provide only a reasonable level of assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, as amended, as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer (our Principal Financial Officer), and effected by our board of directors, management and other personnel, 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 in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and any disposition of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, Management has identified the following three material weaknesses that have caused management to conclude that, as of December 31, 2016, our disclosure controls and procedures, and our internal control over financial reporting, were not effective at the reasonable assurance level:

1. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We have not documented our internal controls. We have limited policies and procedures that cover the recording and reporting of financial transactions and accounting provisions. As a result we may be delayed in our ability to calculate certain accounting provisions. While we believe these provisions are accounted for correctly in the attached audited financial statements our lack of internal controls could lead to a delay in our reporting obligations. We were required to provide written documentation of key internal controls over financial reporting beginning with our fiscal year ending December 31, 2009. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. Effective controls over the control environment were not maintained. Specifically, a formally adopted written code of business conduct and ethics that governs our employees, officers, and directors was not in place. Additionally, management has not developed and effectively communicated to our employees its accounting policies and procedures. This has resulted in inconsistent practices. Further, our Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

(c) Remediation of Material Weaknesses

In order to remediate the material weakness in our documentation, evaluation and testing of internal controls, we hope to hire additional qualified and experienced personnel to assist us in remedying this material weakness.

(d) Changes in Internal Control over Financial Reporting

There are no changes to report during our fiscal quarter ended December 31, 2016.

ITEM 9B - OTHER INFORMATION

There are no events required to be disclosed by the Item.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following table sets forth the names and ages of our directors, director nominees, and executive officers as of April 10, 2017, the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one-year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation, or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers.

Name	Age	Position(s)
Ivan Braiker	66	Interim Chief Executive Officer, Interim Secretary and Director (September 2016)
Charles Bennington	72	Interim Chief Financial Officer, Chairman of the Board and a Director (December 2006)
Michael Lanphere	57	Vice President of Legal Affairs and General Counsel
Devadatt Mishal	68	Director (June 2010)
Daljit Khangura	50	Director (November 2013)

Business Experience

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

Ivan Braiker, age 65, is our Interim Chief Executive Officer, our Interim Secretary and a member of our Board of Directors. Mr. Braiker was Chief Executive Officer of DubLi, Inc. from May 2015 to January 2016. Prior to his position with DubLi, Mr. Braiker was President and Chief Executive Officer of Hipcricket, Inc. from 2004 to 2014. Earlier in his career, Mr. Braiker was President of Steamline Publishing, Inc., where he returned the company to profitability within one year. Prior to Steamline Publishing, Mr. Braiker was President and Chief Operating Officer of New Northwest Broadcasters, LLC, leading the acquisitions of radio stations across the Northwest while doubling cash flow within three years by strategically re-engineering and consolidating 43 stations across eight markets. As President of Satellite Music Network (SMN), he established the first radio network using satellites to distribute live 24-hour programming. Mr. Braiker's extensive executive managerial experience led us to believe Mr. Braiker is an ideal executive officer and director for our company.

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Charles Bennington has been a director since April 2005. Mr. Bennington was appointed as our interim Chief Financial Officer in April 2017. Mr. Bennington was previously our President and Principal Executive, Financial and Accounting Officer from December 2006 to September 2016 and our Secretary from July 2013 to September 2016. Between May 2005 and December 2006, Mr. Bennington was our Chief Operating Officer. Mr. Bennington holds a Degree in Finance and Banking from the University of Miami, Ohio. Mr. Bennington's over 35 years of experience of positions held in senior executive management and/or as a member of the Board of Directors, combined with the fact he was TBT's President at the time we acquired TBT and had experience with managing TBT's development of the SOBR™ device led us to believe Mr. Bennington is an ideal director for our company considering where we are in our development, as well as our dependence on successfully implementing a strategy to further develop the SOBR™ device and attempt to sell it in various marketplaces.

Michael Lanphere has been our Vice President of Legal Affairs and General Counsel since February 2017. Mr. Lanphere is an attorney and it the owner and founder of Lanphere Law Group, P.C., a general litigation law firm located in Orange County, California.

Devadatt Mishal has been a director since June 3, 2010. Dr. Mishal has been practicing as an Obstetrician and Gynecologist since March 1982 in Downey, California. Dr. Mishal received his medical degree from Lokmanya Tilak. Mr. Mishal's experience of over 30 years of experience managing his own business, combined with the fact he was one of TBT's Directors at the time we acquired TBT and had experience with TBT's development of the SOBR™ device led us to believe Mr. Mishal is an ideal director for our company.

Daljit Khangura has been a director since November 2013. Mr. Khangura has been Sr. Finance Logistics Operations for AT&T, Inc. since June 2010. In this position, Mr. Khangura has managed inventory to approve, write, track and transfer jobs totaling hundreds of millions dollars managing over 900 field project orders, for field engineers and technician and third party vendors, as well as handling a multitude of other functions involving inventory, supply orders, and implementing various software and hardware rollouts. Prior to this position, Mr. Khangura was the Manager Procurement/Transportation for Clorox, Inc. from July 2009 to December 2010. In this position, Mr. Khangura prepared annual department operating budgets, managed expenses based on department budget, and approved budget spending targets, as well as spearheaded a strategic optimization project team consisting of 50 members with multiple functions. Mr. Khangura received a Bachelor of Science in Electrical/Mechanical and Business Management, as a double major, from West Bromwich College, England, UK University of the London, England, United Kingdom. Mr. Khangura's extensive managerial experience in managing inventory and project orders led us to believe Mr. Khangura is an ideal director for our company.

Term of Office

Our directors hold office until the next annual meeting or until their successors have been elected and qualified, or until they resign or are removed. Our board of directors appoints our officers, and our officers hold office until their successors are chosen and qualify, or until their resignation or their removal.

Family Relationships

There are no family relationships among our directors or officers.

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Involvement in Certain Legal Proceedings

Our directors and executive officers have not been involved in any of the following events during the past ten years:

1. Other than the involuntary bankruptcy proceeding mentioned herein, no bankruptcy petition has been filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

4. being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (i) any federal or state securities or commodities law or regulation; or (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Committees

All proceedings of the board of directors for the year ended December 31, 2016 were conducted by resolutions consented to in writing by the board of directors and filed with the minutes of the proceedings of our board of directors. Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes that the functions of such committees can be adequately performed by the board of directors.

We do not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. The board of directors believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. The board of directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our president at the address appearing on the first page of this annual report.

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Audit Committee Financial Expert

Our board of directors has determined that it does not have an audit committee member that qualifies as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. We believe that the audit committee members are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. In addition, we believe that retaining an independent director who would qualify as an “audit committee financial expert” would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated revenues to date.

Nomination Procedures For Appointment of Directors

As of December 31, 2016, we did not effect any material changes to the procedures by which our stockholders may recommend nominees to our board of directors.

Code of Ethics

We do not have a code of ethics.

Section 16(a) Beneficial Ownership

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s directors and executive officers and persons who own more than ten percent of a registered class of the Company’s equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

During the most recent fiscal year, to the Company’s knowledge, the following delinquencies occurred:

Name	No. of Late Reports	No. of Transactions Reported Late	No. of Failures to File
Charles Bennington	0	0	0
Ivan Braiker	0	0	2
Devadatt Mishal	0	0	0
Daljit Khangura	0	0	0
Michael Lanphere	0	0	10

ITEM 11 - EXECUTIVE COMPENSATION

The particulars of compensation paid to the following persons:

(a) all individuals serving as our principal executive officer during the year ended December 31, 2016;

(b) each of our two most highly compensated executive officers other than our principal executive officer who were serving as executive officers at December 31, 2016 who had total compensation exceeding $100,000; and

(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at December 31, 2016,

who we will collectively refer to as the named executive officers, for the years ended December 31, 2016, 2014 and 2013, are set out in the following summary compensation table:

Executive Officers and Directors

The following tables set forth certain information about compensation paid, earned or accrued for services by (i) the Company's Chief Executive Officer and (ii) all other executive officers who earned in excess of $100,000 in the years ended December 31, 2016, 2015 and 2014 ("Named Executive Officers"):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensa-tion ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensa-tion ($)	Total ($)
Ivan Braiker Interim CEO and Interim Secretary	2016	30,000	-0-	-0-	-0-	-0-	-0-	-0-	30,000
Charles Bennington (Former President, Former CFO, Former COO, Former Secretary)(3)	2016 2015 2014	120,000 120,000 120,000	-0- -0- -0-	-0- -0- -0-	-0- -0- -0-	-0- -0- -0-	-0- -0- -0-	-0- -0- -0-	120,000 120,000 120,000
Ronald Williams CTO(4)	2015 2014	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-	-0- -0-

(1) Includes amounts paid and/or accrued.
(2) Mr. Braiker was appointed to his executive officer positions effective September 1, 2016
(3) Mr. Bennington resigned as an executive officer effective September 1, 2016
(4) Mr. Williams resigned as Chief Technical Officer on July 30, 2013.

Employment Contracts

In May 2011, we entered into an employment agreement with Mr. Bennington which expires on the earlier of December 31, 2016 or Mr. Bennington's death. The employment agreement provides that we will pay Mr. Bennington a salary of $120,000 during the first year of the agreement, $156,000 during the second year of the agreement, $172,000 during the third year of the agreement, $190,000 during the fourth year of the agreement and $208,000 during the fifth year of the agreement. In addition the agreement allows Mr. Bennington to participate in all employee benefit plans generally available to our employees.

In connection with Mr. Braiker's appointment, Mr. Braiker entered into a letter agreement with us, under which he will accrue a monthly retainer of $7,500, to be paid only if we successfully close financing of at least $200,000. Additionally, Mr. Braiker was granted options to purchase 1,500,000 shares of our common stock at an exercise price of $0.0045 per share. In the event we are successful in closing financing of at least $200,000, Mr. Braiker will be entitled to options to purchase an additional 1,500,000 shares of our common stock, with an exercise price based on the then-current price of our common stock. Currently, Mr. Braiker is not compensated for his services as a member of our Board of Directors.

Director Compensation

The following table sets forth director compensation for 2016:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Charles Bennington	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Ivan Braiker	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Devadatt Mishal	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Daljit Khangura	-0-	-0-	-0-	-0-	-0-	-0-	-0-

No director received compensation for the fiscal years December 31, 2016 and December 31, 2015. We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors are expected in the future to receive stock options to purchase common shares as awarded by our board of directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director.

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information concerning outstanding stock awards held by the Named Executive Officers on December 31, 2016:

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Charles Bennington	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-
Ivan Braiker	1,500,000	-0-	-0-	$ 0.0045	None	-0-	-0-	-0-	-0-
Devadatt Mishal	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-
Daljit Khangura	450,000	-0-	-0-	$ 0.068	10/2019	-0-	-0-	-0-	-0-

Outstanding Equity Awards at Fiscal Year-End

Except as noted above, there were no outstanding stock options or stock appreciation rights granted to our executive officers and directors at December 31, 2016.

Aggregated Option Exercises

There were no options exercised by any officer or director of our company during our twelve month period ended December 31, 2016.

Long-Term Incentive Plan

Currently, our company does not have a long-term incentive plan in favor of any director, officer, consultant or employee of our company.

Certain Relationships and Related Transactions, and Director Independence

We have not entered into or been a participant in any transaction in which a related person had or will have a direct or indirect material interest in an amount that exceeds the lesser of $120,000 or 1% of the average of the Company's total assets for the last three completed fiscal years.

We do not have a written policy concerning the review, approval, or ratification of transactions with related persons.

We do not have an audit, compensation, or nominating committee.

Currently, none of our directors are considered independent. Because our common stock is not currently listed on a national securities exchange, we have used the definition of "independence" of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the company or any other individual having a relationship that, in the opinion of the company's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three years was, an employee of the company;
- the director or a family member of the director accepted any compensation from the company in excess of $120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- a family member of the director is, or at any time during the past three years was, an executive officer of the company;
- the director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the company's outside auditor, or at any time during the past three years was a partner or employee of the company's outside auditor, and who worked on the company's audit.

None of our directors are considered independent because they each serve as an executive officer of the Company, or recently served as an executive officer of the company, or own more than 10% of our outstanding voting securities.

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ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of April 10, 2017, certain information with respect to our equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

Title of Class	Name and Address of Beneficial Owner(2)	Nature of Beneficial Ownership	Amount	Percent of Class (1)
Common Stock	Ivan Braiker (3)	Interim CEO, Interim Secretary and Director	-0-	0%
Common Stock	Charles Bennington (3)	Interim CFO and Director	1,004,422	1.0%
Common Stock	Devadatt Mishal (3)	Director	7,369,187	7.3%
Common Stock	Daljit Khangura (3)	Director	496,357(4)	0.4%
Common Stock	Michael A. Lanphere	Vice President of Legal Affairs and General Counsel	42,553,633(5)	42.5%
	All Officers and Directors as a Group (5 persons)		51,423,599(4)	51.4%

(1) Unless otherwise indicated, based on 100,000,000 shares of common stock issued and outstanding. Shares of common stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for the purposes of computing the percentage of any other person.

(2) Unless indicated otherwise, the address of the shareholder is 400 N. Tustin Ave., Suite 225, Santa Ana, CA 92705.

(3) Indicates one of our officers or directors.

(4) Does not include options to purchase 450,000 shares of our common stock at $0.068 per share, which are owned by Mr. Khangura and exercisable at any time since we do not have sufficient authorized common stock to honor an exercise request. The options expire in October 2019.

(5) Does not include 12,055,145 shares of our common stock issuable to Mr. Lanphere if he exercises the remaining stock option fees under certain loan agreements with us, 16,019,785 shares of our common stock if he were to convert his shares of Series A Preferred Stock based on our current stock price, and 3,160,519 shares of our common stock due to Mr. Lanphere for 50% of his outstanding legal invoices, which he has agreed to take in stock at $0.09 per share. These shares are not included since we do not have sufficient authorized common stock to issue any additional shares of common stock.

The issuer is not aware of any person who owns of record, or is known to own beneficially, ten percent or more of the outstanding securities of any class of the issuer, other than as set forth above. The issuer is not aware of any person who controls the issuer as specified in Section 2(a)(1) of the 1940 Act. There are no classes of stock other than common stock issued or outstanding. The Company does not have an investment advisor.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Beginning on December 12, 2012, Michael A. Lanphere began loaning us money for a variety of purposes, some for working capital and some to allow us to pay outstanding obligations. Each of these loans was made pursuant to the terms of a Loan Agreement with Promissory Note and Stock Fee (the "Agreements"). Under the terms of Agreements, Mr. Lanphere was not only entitled to repayment of the principal amount loaned to us, with interest, but also what was termed in the Agreements as a "Stock Fee" that the parties are interpreting as a stock option, which permits Mr. Lanphere to acquire shares of our common stock in exchange for an exercise price. The number of shares to be issued to Mr. Lanphere as a Stock Fee under each Agreement varied based on the loan amount and our the price of our common stock on the day of the loan and was calculated by this formula: sixty percent (60%) of the loan amount divided by the Company's stock price on the day of the loan, but at a price per share no higher than two and one-half cents ($0.025). Each Stock Fee is fully vested immediately and expires five (5) years from the date of the loan. Although the Stock Fee could be taken by Mr. Lanphere as a stock grant or a stock option, due to the fully vested nature of the Stock Fee, Mr. Lanphere is deemed to beneficially own those shares on the date of each Agreement.

On March 8, 2017, we received a Notice of Conversion from Mr. Lanphere evidencing Mr. Lanphere's desire to exercise options to acquire 32,248,932 shares of our common stock in exchange for the cancellation of $112,871.26 of debt owed to Mr. Lanphere. After this exercise, Mr. Lanphere still owns options to acquire an additional 12,055,145 shares of our common stock.

On November 20, 2015, we entered into a Debt Conversion and Series A Convertible Preferred Stock Purchase Agreement with Mr. Lanphere, under which Mr. Lanphere agreed to convert $520,643 of debt owed to him into 520,643 shares of our Series A Preferred Stock. By its terms, shares of Series A Convertible Preferred Stock are convertible into shares of our common stock at any time at a 35% discount to the average of our closing stock price for the last fifteen (15) days prior to conversion, so long as the minimum average closing price for our common stock is at least $0.05 per share during the pricing period. However, in February 2017, we entered into an amendment with all holders of our Series A Preferred Stock, including Mr. Lanphere, under which all parties agreed that our shares of Series A Preferred Stock are not convertible into shares of our common stock until such time as we have increased our authorized common stock in sufficient amount in order to permit conversions of the Series A Preferred Stock. The shares of Series A Preferred Stock vote on an "as converted" basis. Since the shares are not currently convertible, they cannot be voted until we increase our authorized common stock sufficient to permit conversions. Once we increase our authorized common stock, Mr. Lanphere will have the right to convert his shares of Series A Preferred Stock into our common stock (if the minimum stock price is achieved).

On December 31, 2016, Mr. Lanphere agreed to accept 3,160,519 shares of our common stock in lieu of $284,500, which was one-half of the then-current legal fees owed we owed him for legal services he provided to the company through that date.

Corporate Governance

As of December 31, 2016, our Board of Directors consisted of Charles Bennington, Ivan Braiker, Devadatt Mishal, and Daljit Khangura. As of December 31, 2016, Mr. Mishal qualified as "independent directors" as the term is used in NASDAQ rule 5605(a)(2).

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ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit fees

The aggregate fees billed for the two most recently completed fiscal periods ended December 31, 2016 and December 31, 2015 for professional services rendered by Anton & Chia, LLP for the audit of our annual consolidated financial statements, quarterly reviews of our interim consolidated financial statements and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Audit Fees and Audit Related Fees	$ 30,085	$ 20,680
Tax Fees	0	0
All Other Fees	0	0
Total	$ 30,085	$ 20,680

In the above table, "audit fees" are fees billed by our company's external auditor for services provided in auditing our company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of our company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

Policy on Pre-Approval by Audit Committee of Services Performed by Independent Auditors

The board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors before the respective services were rendered.

The board of directors has considered the nature and amount of fees billed by Anton & Chia, LLP and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Anton & Chia, LLP's independence.

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PART IV

ITEM 15 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

For a list of financial statements and supplementary data filed as part of this Annual Report, see the Index to Financial Statements beginning at page F-1 of this Annual Report.

(a)(2) Financial Statement Schedules

We do not have any financial statement schedules required to be supplied under this Item.

(a)(3) Exhibits

Refer to (b) below.

(b) Exhibits

3.1 (1)	Articles of Incorporation of Imagine Media, Ltd.
3.2	Articles of Amendment to Articles of Incorporation to TransBiotec, 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 TransBiotec, Inc. and Kodiak Capital Group, LLC dated August 15, 2012
10.5 (3)	Amendment No. 1 to Investment Agreement by and between TransBiotec, Inc. and Kodiak Capital Group, LLC dated October 18, 2012
10.6 (2)	Registration Rights Agreement by and between TransBiotec, 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).

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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 registrati0n 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

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TransBiotec, Inc.

Dated: April 17, 2017

By: */s/ Ivan Braiker*
Name Ivan Braiker
Its: Interim Chief Executive Officer (Principal Executive Officer) and Principal Accounting Officer

Dated: April 17, 2017

By: */s/ Charles Bennington*
Name: Charles Bennington
Its: Interim Chief Financial Officer (Principal Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: April 17, 2017

By: */s/ Charles Bennington*
Charles Bennington
Director Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Dated: April 17, 2017

By: */s/ Ivan Braiker*
Ivan Braiker
Director, Interim Chief Executive Officer, and Interim Secretary

Dated: April 17, 2017

By: */s/ Devadatt Mishal*
Devadatt Mishal

Director

Dated: April 17, 2017	By: */s/ Daljit Khangura*
	Daljit Khangura
	Director

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Financial Statements:

Supplementary Data

Not applicable

ANTON & CHIA

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of TransBiotec, Inc.
194 N Marina Dr., Suite 202
Long Beach, CA 90803

We have audited the accompanying consolidated balance sheets of TransBiotec, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in shareholders' deficit, and cash flows for each of the years then ended. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has had no revenues and income since inception. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2, which includes the raising of additional funds through equity or debt financing and by generating revenue. The consolidated financial statements do not include any adjustments that might results from the outcome of this uncertainty.

/s/ Anton & Chia, LLP
Newport Beach, CA
April 17, 2017

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TransBiotec, Inc.
CONSOLIDATED BALANCE SHEETS

	Dec. 31, 2016	Dec. 31, 2015
ASSETS		
Current assets		
Cash	$ 14,305	$ 7,851
Total current assets	14,305	7,851
Total Assets	$ 14,305	$ 7,851
LIABILITIES & STOCKHOLDERS'DEFICIT		
Current liabilities		
Accounts payable	$ 349,849	$ 622,129
Accrued interest payable	302,834	182,678
Notes payable - current - related parties	627,022	489,095
Notes payable - current, net	163,574	157,324
Derivative liability	180,038	-
Stock subscription payable	28,081	55,882
Related party payables	1,111,754	412,656
Other payables	263,033	242,612

Total current liabilties	3,026,185	2,162,376
Total Liabilities	3,026,185	2,162,376
Stockholders' Deficit		
Preferred stock, $.00001 par value; 22,000,000 shares authorized, No shares issued or outstanding as of December 31, 2016 and December 31, 2015, respectively	-	-
Series A Convertible Preferred stock, $.00001 par value; 3,000,000 shares authorized, No shares issued or outstanding as of December 31, 2016 and December 31, 2015, respectively	-	-
Common stock, $.00001 par value; 100,000,000 shares authorized; 67,751,068 and 60,251,068 shares issued and outstanding as of December 31, 2016 and December 31, 2015, respectively	677	602
Additional paid in capital	14,095,430	14,353,628
Accumulated deficit	(17,064,086)	(16,468,956)
Total Transbiotec, Inc. stockholders' deficit	(2,967,979)	(2,114,726)
Noncontrolling interest	(43,901)	(39,799)
Total Stockholders' Deficit	(3,011,880)	(2,154,525)
Total Liabilities and Stockholders' Deficit	$ 14,305	$ 7,851

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

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TransBiotec, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended Dec. 31, 2016	Year Ended Dec. 31, 2015
Revenues	$ -	$ -
Amortization & depreciation	-	454
General and administrative	396,143	446,983
	396,143	447,437
Loss from operations	(396,143)	(447,437)
Other income (expense):		
Gain (Loss) on fair value adjustment - derivatives	-	25,456
Gain on debt reversals	-	485
Interest expense	(218,339)	(251,500)
Interest expense - beneficial conversion feature	15,250	(23,750)
	(203,089)	(249,309)

Loss before provision for income taxes	(599,232)	(696,746)
Net loss	(599,232)	(696,746)
Less: Net loss attributable to noncontrolling interest	4,102	5,012
Net loss attributable to TranBioTec, Inc.	$ (595,130)	$ (691,734)
Net loss per share		
(Basic and fully diluted)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	67,320,740	59,261,114

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

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TransBiotec, Inc.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock		Additional Paid in	Accumulated	Stockholders' Deficit - TransBiotec	Total Stockholders'	Noncontrolling
	Shares	Amount ($.0001 Par)	Capital	Deficit	Inc.	Deficit	Interest
Balances at January 1, 2014	**58,416,660**	**$ 585**	**$ 12,716,630**	**$ (15,777,222)**	**$ (3,060,007)**	**$ (3,094,794)**	**$ (34,787)**
Stock issued for cash	834,408	7	1,495	-	1,502	1,502	-
Stock issued to settle accrued interest	1,000,000	10	3,890	-	3,900	3,900	-

Paid in capital - beneficial conversion feature	-	-	25,000	-	25,000	25,000	-
Paid in capital - Stock option expense	-	-	26,229	-	26,229	26,229	-
Paid in capital - Gain on related party debt conversion	-	-	1,472,384	-	1,472,384	1,472,384	-
Paid in capital - Gain on related party forgiveness of debt	-	-	108,000	-	108,000	108,000	-
Share exchange - noncontrolling interest	-	-	-	-	-	(5,012)	(5,012)
Net loss for the year	-	-	-	(691,734)	(691,734)	(691,734)	-
Balances at December 31, 2015	**60,251,068**	**602**	**14,353,628**	**(16,468,956)**	**(2,114,726)**	**(2,154,525)**	**(39,799)**
Stock issued for cash	5,000,000	50	24,950	-	25,000	25,000	-
Stock issued to settle accounts payable	2,500,000	25	9,725	-	9,750	9,750	-
Paid in capital - beneficial conversion feature	-	-	(21,500)	-	(21,500)	(21,500)	-
Paid in capital - Stock option expense	-	-	(7,512)	-	(7,512)	(7,512)	-
Paid in capital - Gain on related party debt conversion	-	-	(83,823)	-	(83,823)	(83,823)	-
Paid in capital - Reclassification of common share equivalents to derivative liabilities	-	-	(180,038)	-	(180,038)	(180,038)	-
Share exchange - noncontrolling interest	-	-	-	-	-	(4,102)	(4,102)
Net loss for the year	-	-	-	(595,130)	(595,130)	(595,130)	-
Balances at December 31, 2016	**67,751,068**	**677**	**$14,095,430**	**$ (17,064,086)**	**$ (2,967,979)**	**$ (3,011,880)**	**$ (43,901)**

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

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TransBiotec, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended Ended December 31,	
	2016	**2015**
Operating Activities:		
Net loss	$ (595,130)	$ (691,734)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Amortization & depreciation	-	454
Change in fair value of derivative liability	-	(25,456)
Note payable beneficial conversion expense	(21,500)	23,750
Stock Option Expense	(7,512)	26,229
Stock Based Compensation	34,750	-
Changes in assets and liabilities:		
Accounts payable	(272,280)	221,678
Stock subscription payable	(27,801)	27,815
Accrued interest payable	120,156	(136,726)
Related party payable	615,275	116,391
Note payable	6,250	321,172
Other payable	16,319	(4,322)
Net cash used for (provided by) operating activities	(131,473)	(120,749)
Financing Activities:		
Net proceeds from shares issuances	-	1,502
Net proceeds from notes payable	137,927	154,315
Net payments from notes payable	-	(27,840)

Net cash provided by financing activities	137,927	127,977
Net Change In Cash	6,454	7,228
Cash At The Beginning Of The Period	7,851	623
Cash At The End Of The Period	$ 14,305	$ 7,851
Schedule Of Non-Cash Investing And Financing Activities		
Debt converted to capital	$ 9,750	$ 1,472,384
Issuances of shares to settle accrued interest	$ -	$ 3,900
Gain on forgiveness of debt - related party	$ -	$ 108,000
Reclassification of common share equivalents to derivative liabilities	$ 180,038	$ -
Shares issued for cash received in prior year	$ 25,000	$ -
Supplemental Disclosure		
Cash paid for interest	$ 12,500	$ 13,825
Cash paid for income taxes	$ -	$ -

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

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2016

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

TransBiotec, Inc. ("TransBiotec - DE"), formerly Imagine Media LTD., was incorporated August, 2007 in the State of Delaware. A corporation also named TransBiotec, Inc. ("TransBiotec - CA") was formed in the state of California July 4, 2004. Effective September 19, 2011 TransBiotec - DE was acquired by TransBiotec - CA in a transaction classified as a reverse acquisition as the shareholders of TransBiotec - CA retained the majority of the outstanding common stock of TransBiotec - DE after the share exchange. The financial statements represent the activity of TransBiotec - CA from July 4, 2004 forward, and the consolidated activity of TransBiotec - DE and TransBiotec - CA from September 19, 2011 forward. TransBiotec - DE and TransBiotec - 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 has not generated any revenues from its operations.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiary, Transbiotec-CA. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of 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. Specifically, such estimates were made by the Company for the valuation of derivative liability, stock compensation and beneficial conversion feature expenses. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents. The Company does not have any cash equivalents as of December 31, 2016 and December 31, 2015.

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2016

NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment

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

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.

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. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that would then share in the income of the Company, subject to anti-dilution limitations. The Company has 41,384,476 stock options that can be converted to common stock if exercised.

Financial Instruments

Pursuant to ASC Topic 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1
Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets: quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Level 3
Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts payable, accrued expenses, notes payable, related party payables, convertible debentures, and other payable. Pursuant to ASC 820 and 825, the fair value of our cash and cash equivalents is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2016 and 2015 on a recurring basis:

December 31, 2015

	Level 1 $	Level 2 $	Level 3 $
	-	-	-
	-	-	-

December 31, 2016

	Level 1 $	Level 2 $	Level 3 $
Derivative liabilities	(180,038)	-	-
	(180,038)	-	-

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.

Beneficial Conversion Features

From time to time, the Company may issue convertible notes that may contain an embedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Derivative Instruments

The fair value of derivative instruments is recorded and shown separately under current liabilities. Changes in fair value are recorded in the consolidated statement of income under other income (expenses).

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Sholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Stock based compensation

The Company has share-based compensation plans under which employees, consultants, suppliers and directors may be granted restricted stock, as well as options and warrants to purchase shares of Company common stock at the fair market value at the time of the grant. Stock-based compensation cost to employees is measured by the Company at the grant date, based on the fair value of the award, over the requisite service period under ASC718. For options issued to employees, the Company recognizes stock compensation costs utilizing the fair value methodology over the related period of benefit. Grants of stock to non-employees and other parties are accounted for in accordance with the ASC 505.

Recent accounting pronouncement

In August 2014, the FASB issued the FASB Accounting Standards Update No. 2014-15 "Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). In connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued (or at the date that the financial statements are available to be issued when applicable). Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or available to be issued). The term probable is used consistently with its use in Topic 450, Contingencies.

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2016

When management identifies conditions or events that raise substantial doubt about an entity's ability to continue as a going concern, management should consider whether its plans that are intended to mitigate those relevant conditions or events will alleviate the substantial doubt. The mitigating effect of management's plans should be considered only to the extent that (1) it is probable that the plans will be effectively implemented and, if so, (2) it is probable that the plans will mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plans, the entity should disclose information that enables users of the financial statements to understand all of the following (or refer to similar information disclosed elsewhere in the footnotes):

a. Principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans).

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.

c. Management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern.

If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is not alleviated after consideration of management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). Additionally, the entity should disclose information that enables users of the financial statements to understand all of the following:

a. Principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

b. Management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations.

b. Management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern.

The amendments in this Update are effective for the annual period ending after December 15, 2016, and for the annual periods and interim periods thereafter. Early application is permitted. The Company is currently evaluating the impact of the adoptions of ASU 2014-15 on its consolidated financial statements.

Minority interest (Noncontrolling interest)

A subsidiary of the Company has minority members, representing ownership interests of 1.38% at December 31, 2016. 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 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

NOTE 2. 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 December 31, 2016, the accumulated deficit is $17,064,086. 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 3. RELATED PARTY TRANSACTIONS

As of December 31, 2016 and December 31, 2015, the Company had payables due to officers, for accrued compensation and services of $1,111,754 and $412,656 respectively.

On December 3, 2014, as part of a related party note payable agreement, the company agreed to convert 50% of certain outstanding accounts payable to common stock at a price of .09 per share. Per this agreement during the year ended December 31, 2016 and December 2015, approximately $61,009 of accounts payable is convertible into 677,871 shares and $86,624 is convertible into 962,494 shares.

On July 1, 2015, the Company amended a note payable agreement with Lanphere Law Group, the company's largest shareholder, which forgave $108,000 of the principal balance. The original principal balance on the note was $214,335 and the new principal balance on the note after the debt forgiveness is $106,335.

The Company entered into a lease agreement with Lanphere Law Group, whereas the Company is the tenant and is paying monthly rent of $4,100.

NOTE 4. PROPERTY & EQUIPMENT

Property and equipment values recorded at cost are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Office and Lab Equipment	$ 32,127	$ 32,127
Furniture and fixtures	11,556	11,556
	43,683	43,683
Less accumulated depreciation	(43,683)	(43,683)
Property & Equipment, Net	$ -	$ -

Depreciation expense for the year ended December 31, 2016 and 2015 was none, and $454, respectively.

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

NOTE 5. NOTES PAYABLE

	December 31, 2016	December 31, 2015
Note payable to related party, unsecured, due 8/3/2012, interest rate 0%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$ 1,950	$ 1,950
Notes payable to related party, unsecured, due 12/31/2012, interest rate 0%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$ 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. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$ 180,001	$ 180,001
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 11/8/12, 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 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Note payable to non-related party, unsecured, due 2/8/13, 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 2/8/13, 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

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

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
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. Principal balance including interest to be paid upon receipt of equity funding and/or sales revenue.	$	15,000	$	15,000
Note payable to related party, unsecured, due 03/01/2013, simple interest 9%. Currently in default. Principal balance including interest to be paid upon receipt of equity funding and/or sales revenue.	$	5,000	$	5,000
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 related party, unsecured, due 01/23/2014, simple interest 9% convertible at holder's option at $.08 per TBT-DE share Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$	50,000	$	50,000

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Note payable to related party, unsecured, due 07/02/2014, simple interest 9% convertible at holder's option at $.04 per TBT-DE share 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% convertible at holder's option at $.016 per TBT-DE share Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$	2,000	$	2,000
Note payable to non-related party, unsecured, due 12/27/2013, simple interest 9% quarterly, 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 9/11/2014, simple interest 10% yearly. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	5,000	$	5,000
Note payable to related party, unsecured, due 11/12/2014, simple interest 9% convertible at holder's option at $0.04 per TBT-DE share, currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$	11,000	$	11,000
Note payable to related party, unsecured, due 4/08/2015, simple interest 7% convertible at holder's option at $0.0072 per TBT-DE share. 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 related party, unsecured, due 8/05/2015, simple interest 7%, default interest 10%. Currently in default. Note contains a stock option.	$	10,000	$	10,000
Note payable to related party unsecured, due 12/02/2015, simple interest 7%, default interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	106,334	$	106,334

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Note payable to non-related party, unsecured, due 3/26/2016, simple interest 8%, convertible at holder's option at $0.0017 per TBT-DE share. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	25,000	$	25,000
Note payable to related party, unsecured, due 4/11/2016, simple interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	13,000	$	13,000
Note payable to related party, unsecured, due 11/11/2015, simple interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	45,000	$	45,000
Note payable to non-related party, unsecured, due 11/11/2015, simple interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	2,500	$	2,500
Note payable to related party, unsecured, due 12/26/2015, simple interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Currently in default.	$	25,000	$	25,000

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Note payable to related party, unsecured, due on demand, simple interest 10%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$	15,277	$	-
Note payable to related party, unsecured, due 7/23/2016, simple interest 10%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue.	$	15,000	$	-
Note payable to related party, unsecured, due 5/1/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	3,750	$	-
Note payable to related party, unsecured, due 11/9/2016, simple interest 7%. Currently in default. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	15,000	$	-
Note payable to related party, unsecured, due 7/26/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	3,900	$	-

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Note payable to related party, unsecured, due 8/03/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	20,000	$	-
Note payable to related party, unsecured, due 9/28/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	20,000	$	-
Note payable to related party, unsecured, due 10/05/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	20,000	$	-
Note payable to related party, unsecured, due 11/15/2017, simple interest 7%. Principal balance including interest to be paid upon the receipt of equity funding and/or sales revenue. Note contains a stock option.	$	25,000	$	-
	$	790,596	$	652,669
Less note discounts		-		(5,000)
Less current - related parties		(627,022)		(489,095)
Less current - non-related parties		(163,574)		(157,324)
Long-term - related parties	$	-	$	-

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Required principal payments from December 31, 2016 forward are as follows:

2017	$	790,596
2018	$	-
2019	$	-
2020	$	-
2021	$	-
	$	790,596

Interest expense under notes payable for the years ended December 31, 2015 and December 31, 2016 was $198,327 and $121,338 respectively.

During the years ended December 31, 2015 and December 31, 2016 the Company recognized a beneficial conversion feature expense on borrowing from convertible notes of $23,750 and none, respectively.

In 2012 the company borrowed $110,000 under convertible notes with a variable conversion price based on a percentage of market price of which $103,395 were converted at December 31, 2014. The Company paid the remaining principal balance due on these convertible notes in January 2015. 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 years ended December 31, 2015 and December 31, 2016 of $(25,456) and none, respectively. The fair market value adjustments were based on the Black-Sholes method using the following assumptions: risk free rates ranging between 0.10% - 0.21%, dividend yield of 0%, expected life of 1 year, volatility between 128% - 354%. The fair value derivative liability under the notes as of December 31, 2015 and December 31, 2016 was none and none, respectively.

NOTE 6. DERIVATIVE LIABILITY

The Company determined approximately 15,643,398 stock options for common shares that were granted and a note convertible into 15,646,982 common shares during the year ended December 31, 2016 were in excess of the Company’s authorized shares amount of 100,000,000 which carry an embedded derivative and are therefore accounted for at fair value under ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments. Utilizing Level 1 Inputs, the Company recorded fair market value adjustments related to stock options for shares that were granted over the Company’s 100,000,000 authorized shares amount for year ended December 31, 2016 and December 31, 2015 of $180,038 and none, respectively. The fair market value adjustments were calculated utilizing the Black-Sholes method using the following assumptions: risk free rates ranging between 0.23% - 0.85%, dividend yield of 0%, expected life of 1 year, volatility between 256% - 375%.

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TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

A summary of the activity of the derivative liability is shown below:

Balance at December 31, 2014	-
Derivative loss due to new issuances	-
Derivative loss due to mark to market adjustments	-
Balance at December 31, 2015	-
Derivative loss due to new issuances	(113,180)
Derivative gain due to mark to market adjustment	(66,858)
Balance at December 31, 2016	(180,038)

NOTE 7. 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.

At December 31, 2015 and 2016 the Company had net operating loss carry forwards of approximately $7,048,000 and $7,299,000 respectively, that may be offset against future taxable income, if any, ratably through 2035. These carry-forwards are subject to review by the Internal Revenue Service.

The deferred tax asset of at each date of $1,410,000 and $1,460,000 created by the net operating losses has been offset by a 100% valuation allowance because the likelihood of realization of the tax benefit cannot be determined. The change in the valuation allowance in 2015 and 2016 was $133,000 and $123,000.

The effects of temporary differences that gives rise to significant portions of deferred tax assets at December 31, 2016 and 2015 are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Deferred tax asset		
Federal	$ 1,095,000	$ 1,057,000
State	365,000	353,000
Valuation allowance	(1,460,000)	(1,410,000)
Net deferred tax asset	$ -	$ -

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

There is no current or deferred tax expense for the years ended December 31, 2016 and 2015. The Company has not filed tax returns however management believes there are no taxes due as of December 31, 2015 and 2016.

There was no Federal income tax expense for the years ended December 31, 2016 and 2015 due to the Company's net losses. For the years ended December 31, 2016 and 2015 state income tax expense was zero.

The company includes interest and penalties arising from the underpayment of income taxes in the consolidated statements of operations in general and administrative expenses.

The tax years that remain subject to examination by major taxing jurisdictions are those for the tax year of 2016, 2015, and 2014.

NOTE 8. STOCK OPTIONS AND SUBSCRIPTIONS PAYABLE

The Company accounts for employee and non-employee stock options under ASC 718 and ASC 505, 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. 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 2.67%, dividend yield of 0%, expected life of five years, volatility of 100%. 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, 2014, 20,000 options were exercised, leaving a December 31, 2014 outstanding balance of 2,500 non-employee stock options, exercisable at $0.10 per share with the option terms expiring in January 2015. During the year ended December 31, 2015, no options were exercised as all outstanding options expired in January 2015 leaving no outstanding balance of non-employee stock options in the stock of Transbiotec-CA at December 31, 2015. During the nine months ended September 30, 2016, no options were exercised as all outstanding options expired in January 2015 leaving no outstanding balance of non-employee stock options in the stock of Transbiotec-CA at September 30, 2016

During 2012 the Company granted 29,678 stock options, that were vested immediately, 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.

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TransBiotec, Inc.
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During 2013 the Company granted 5,321,735 stock options, that were vested immediately, 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 2014 the Company granted 8,403,633 stock options, that were vested immediately, 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 1.55% - 1.77%, dividend yield of 0%, expected life of five years, volatility between 147% - 178%. No options were exercised or expired, leaving a December 31, 2014 outstanding balance of 13,755,046 options for Transbiotec - DE. The Company incurred and recorded compensation expense under these stock option grants of $69,886 in 2014.

During the year ended December 31, 2015, the Company granted 16,282,995 stock options, that were vested immediately, 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 between 1.37% - 1.68%, dividend yield of 0%, expected life of five years, a volatility range of 172% - 174%. No options were exercised or expired, leaving a December 31, 2015 outstanding balance of 30,038,041 options for Transbiotec - DE. The Company incurred and recorded compensation expense under these stock option grants of $27,731 during the year ended December 31, 2015.

During the year ended December 31, 2016, the Company granted 11,346,435 stock options, that were vested immediately, 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 between 1.03% - 1.30%, dividend yield of 0%, expected life of five years, a volatility rate between 162% - 167%. No options were exercised or expired, leaving a December 31, 2016 outstanding balance of 41,384,476 options for Transbiotec - DE. The Company incurred and recorded compensation expense under these stock option grants of $3,603 during the year ended December 31, 2016.

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

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2015	-	$ -
Granted	-	-
Exercised	-	-
Forfeited	-	-
Outstanding at December 31, 2016	-	$ -

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

	Number of Shares	Weighted Average Exercise Price

Outstanding at December 31, 2015	30,038,041	$	.0143
Granted	11,346,435		.0056
Exercised	-		-
Forfeited	-		-
Outstanding at December 31, 2016	41,384,476	$	.0119

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Following is a summary of the status of options for Delaware outstanding at December 31, 2016:

Exercise Price	Number of Shares	Remaining Contractual Life	Weighted Average Exercise Price	Exercised at December 31, 2016
$ 0.0900	29,678	2 years	0.0900	-
$ 0.1700	83,333	3 years	0.1700	-
$ 0.1700	27,778	3 years	0.1700	-
$ 0.1700	362,624	3 years	0.1700	-
$ 0.1300	80,914	3 years	0.1300	-
$ 0.1300	429,086	3 years	0.1300	-
$ 0.0600	38,000	3 years	0.0600	-
$ 0.0400	250,000	3 years	0.0400	-
$ 0.0400	1,625,000	3 years	0.0400	-
$ 0.0500	400,000	3 years	0.0500	-
$ 0.0400	75,000	3 years	0.0400	-
$ 0.0400	300,000	3 years	0.0400	-
$ 0.0200	300,000	3 years	0.0200	-
$ 0.0200	1,200,000	3 years	0.0200	-
$ 0.0400	150,000	3 years	0.0400	-
$ 0.0125	1,200,000	4 years	0.0125	
$ 0.0150	50,137	4 years	0.0150	-
$ 0.0150	140,000	4 years	0.0150	-
$ 0.0190	31,256	4 years	0.0190	-
$ 0.0161	167,702	4 years	0.0161	-
$ 0.0147	204,082	4 years	0.0147	-
$ 0.0200	75,000	4 years	0.0200	-
$ 0.0198	75,758	4 years	0.0198	-
$ 0.0213	165,915	4 years	0.0213	-
$ 0.0195	133,262	4 years	0.0195	-
$ 0.0188	79,787	4 years	0.0188	-
$ 0.0140	229,714	4 years	0.0140	-
$ 0.0190	50,000	4 years	0.0190	-
$ 0.0127	42,283	4 years	0.0127	-
$ 0.0090	213,833	4 years	0.0090	-
$ 0.0074	48,649	4 years	0.0074	-
$ 0.0060	375,000	4 years	0.0060	-
$ 0.0098	612,245	4 years	0.0098	-
$ 0.0098	61,224	4 years	0.0098	-
$ 0.2500	25,000	4 years	0.2500	-

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$	0.0680	450,000	4 years	0.0680	-
$	0.0072	123,828	4 years	0.0072	-
$	0.0056	375,000	4 years	0.0056	-
$	0.0070	250,000	4 years	0.0070	-
$	0.0070	373,714	4 years	0.0070	-
$	0.0041	850,244	4 years	0.0041	-
$	0.0045	2,000,000	4 years	0.0045	-
$	0.0024	150,000	5 years	0.0024	-
$	0.0010	7,625,544	5 years	0.0010	-
$	0.0024	1,770,000	5 years	0.0024	-
$	0.0023	400,782	5 years	0.0023	-
$	0.0012	275,000	5 years	0.0012	-
$	0.0017	1,764,706	5 years	0.0017	-
$	0.0018	2,463,333	5 years	0.0018	-
$	0.0021	285,714	5 years	0.0021	-
$	0.0018	333,333	5 years	0.0018	-
$	0.0018	1,083,333	5 years	0.0018	-
$	0.0032	131,250	5 years	0.0032	-
$	0.0040	2,250,000	5 years	0.0040	-
$	0.0040	562,500	5 years	0.0040	-
$	0.0060	390,000	5 years	0.0060	-
$	0.0070	1,714,825	5 years	0.0070	-
$	0.0045	1,500,000	5 years	0.0045	-
$	0.0070	1,714,825	5 years	0.0070	-
$	0.0070	1,714,285	5 years	0.0070	-
$	0.0050	1,500,000	5 years	0.0050	-
Total		**41,384,476**		**0.0119**	

TransBiotec, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

Employee stock options

The parent company had no outstanding employee stock options.

Stock subscriptions received

At December 31, 2015 and December 31, 2016, the Company converted certain accounts payable into common shares which amounts to $55,868 for 6,049,578 common shares to be issued, and $28,067 for 87,084 common shares to be issued, respectively.

At December 31, 2015 and December 31, 2016, the Company converted certain notes payable into preferred shares which amounts to $14 for 1,388,575 preferred shares to be issued, and $14 for 1,388,575, respectively.

NOTE 9. COMMON STOCK

On June 11, 2015, as an inducement for a loan, the Company issued 834,408 shares of its common stock on said date valued at $1,502 with a purchase price of $0.0018 per share.

On August 20, 2015, the Company converted accrued interest of $3,900 into 1,000,000 shares of its common stock, with a purchase price $0.0039 per share.

On January 21, 2016, the Company issued for $25,000 cash, 5,000,000 shares of its common stock, with a purchase price of $0.0050 per share.

On January 21, 2016, the Company converted $9,750 of its account payable into 2,500,000 issued shares of its common stock, with a purchase price of $0.0039 per share.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its office space under a long-term operating lease expiring in June 2019. Rent expense under this lease was $24,600 and $52,420 for the years ended December 31, 2015 and December 31, 2016, respectively.

As of December 31, 2016, future minimum annual payments under operating lease agreements for years ending December 31 are as follows.

	2017	2018	2019	2020	2021	Total
Operating leases	49,200	49,200	24,600	-	-	123,000
	$ 49,200	$ 49,200	$ 24,600	$ -	$ -	$ 123,000

EXHIBIT 31.1

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

I, Ivan Braiker, certify that:

I have reviewed this Annual Report on Form 10-K of TransBiotec, Inc.;

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;

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;

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

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: April 17, 2017

By: */s/ Ivan Braiker*
Ivan Braiker
Interim Chief Executive Officer

EXHIBIT 31.2

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

I, Charles Bennington, certify that:

I have reviewed this Annual Report on Form 10-K of TransBiotec, Inc.;

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;

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;

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

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: April 17, 2017

By: */s/ Charles Bennington*
Charles Bennington
Interim Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annual Report of TransBiotec, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Ivan Braiker, Interim Chief Executive 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: April 17, 2017

By: */s/ Ivan Braiker*
Ivan Braiker
Its: Interim Chief Executive Officer

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

EXHIBIT 32.2

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

In connection with the Annual Report of TransBiotec, Inc. (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Charles Bennington, Interim 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: April 17, 2017

By: */s/ Charles Bennington*
Charles Bennington
Its: Interim Chief Financial Officer

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