

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, 2017

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

(State or other jurisdiction of  
incorporation or organization)

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

(Address of principal executive offices)

26-0731818

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

92705

(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

None

Name of each exchange on which registered

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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, 2017: \$722,579 as based on last reported sales price of such stock (\$0.011) on June 30, 2017. The voting stock held by non-affiliates on that date consisted of 65,688,990 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 February 4, 2019, there were 116,751,078 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.**

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**TransBiotec, Inc.**

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**PART I**

**Special Note Regarding Forward Looking Statements**

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, Imagine Media, Ltd., a Delaware corporation, 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. The accounting for this transaction was identical to that resulting from a reverse acquisition, except that no goodwill, or other intangibles were recorded, as the members of TransBioTec retained the majority of the outstanding common stock of Imagine Media LTD after the share exchange. 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 TransBiotech, 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. Because 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.

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Because 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. 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. 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 manufacturers 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.



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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. We estimate a per unit sales price range of \$500 to \$550, 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.

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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. Secondly, individuals may desire to monitor a family member's vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

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

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

- o commercial transportation companies that operate tractor trailers, taxis, construction vehicles, boats, trains, aircraft and other vehicles;
- o local, state and federal government agencies that operate fire trucks, police cars and public transportation systems; and
- o individuals that desire to monitor a family member's vehicle, such as a vehicle operated by a minor.
- o 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 2017, the deal terminated due to the unrest in that region of the world.

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### 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 in 2018 and move forward with the steps necessary to bring a much-needed product to market. We have no research and development costs as of December 31, 2017.

### 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:

- o Can be programmed to work during the entire operation of the vehicle without distracting the driver;
- o The system can be considered as non-invasive comparatively
- o Easy retro fit installation;
- o Unobtrusive in the vehicle;
- o Difficult to circumvent;
- o 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.

Since we have not generated revenue to date from any of the above patents, and we are still in the developmental stage, we expensed the patent costs, therefore they are not recognized as intangible assets on the balance sheet.

#### 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.



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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, 2017, 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.

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***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.



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***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.

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***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.

***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**

None.

**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.

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**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 \$11,164.00. 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 as of February 4, 2019.

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 ex-

employee for unpaid wages under these Orders and are working to get this amount paid off.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

**ITEM 4 – MINE SAFETY DISCLOSURES**

Not Applicable.

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## **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, 2017 and 2016, 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
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
2017	First Quarter	\$ 0.02	\$ 0.005
	Second Quarter	\$ 0.02	\$ 0.006
	Third Quarter	\$ 0.011	\$ 0.005
	Fourth Quarter	\$ 0.01	\$ 0.0031

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. There are no limitations on dividends.

As of December 31, 2017, we had not adopted any stock option or bonus plans.

#### Holders

As of December 31, 2017, there were approximately 109,409,930 shares of our common stock outstanding held by 153 holders of record and numerous shares held in brokerage accounts. As of February 4, 2019, there were 116,751,078 shares of our common stock outstanding held by 158 holders of record. Of these shares, 72,493,824 were held by non-affiliates. As of June 30, 2017, there were 65,688,990 shares held by non-affiliates, which we valued at \$722,579, based on our closing share price of \$0.011 on June 30, 2017.

#### Stock Options, Warrants and Convertible Debentures

As of December 31, 2017, there were four outstanding stock options to officers, directors, and consultants to purchase 2,225,000 shares of TransBiotec, Inc. common stock. Two of the outstanding options are dated October 1, 2014 at an option price on that day of \$0.0062, with option exercise prices of \$0.25 and \$0.068. The third outstanding option is dated October 27, 2014 at an option price on that day of \$0.0066 with an option exercise price of \$0.007, and the fourth outstanding option is dated August 15, 2016 at an option price on that day of \$0.0045 with an option exercise price of \$0.0045. Approximately \$6,750 of account payable will be converted if the options are exercised. There are also seventeen outstanding warrants to purchase 16,120,611 shares of our common stock at an exercise price range of \$0.0035 - \$0.0190. We also have nineteen convertible debentures outstanding that permit the holder to convert the outstanding obligation into approximately 23,284,705 shares of our common stock at a conversion price range of \$0.0017 - \$0.3235688.



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**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 not limited and are declared at the sole discretion of our Board of Directors.

**Securities Authorized for Issuance Under Equity Compensation Plans**

As of December 31, 2017, we did not have any equity compensation plans, therefore there are no outstanding options or warrants to purchase shares of our common stock under any equity compensation plans.

**Preferred Stock**

As of December 31, 2017, we had 1,388,575 issued shares of our Series A Preferred Stock payable to two related parties. 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.

**Recent Issuance of Unregistered Securities**

During the period covered by this Annual Report, there were no sales by us of unregistered securities that were not previously reported by us in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

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.

**Purchases of Equity Securities**

During the year ended December 31, 2017, we did not purchase any of our equity securities.

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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. Secondly, individuals may desire to monitor a family member’s vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

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

We are 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 2017, the deal terminated due to the unrest in that region of the world.

### **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, 2017.

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, 2017 and 2016**

*Results of Operations*

**Summary of Results of Operations**

	Year Ended December 31,		Change
	2017	2016	
Revenue	\$ -	\$ -	\$ -
Operating expenses:			
General and administrative	313,094	396,143	(83,049)
Total expenses	313,094	396,143	(83,049)
Operating loss	(313,094)	(396,143)	(83,049)
Interest expense	(317,194)	(218,339)	98,855
Interest expense – beneficial conversion feature	-	15,250	(15,250)
Gain (loss) on fair value adjustment – derivatives	(12,023)	-	(12,023)
Net loss	<u>\$ (642,311)</u>	<u>\$ (599,232)</u>	<u>43,079</u>

Operating Loss: Net Loss

Our net loss increased by \$43,079, from \$599,232 to \$642,311 from the year ended 2016 compared to 2017. Our operating loss decreased by \$83,049, from \$396,143 to \$313,094 for the same period. The change in our net loss for the year ended December 31, 2017, compared to the prior year is primarily a result of a decrease in our general and administrative expenses, a decrease in our interest expense related to beneficial conversion feature of a convertible note dated March 28, 2015, a loss on fair value adjustment for derivative securities and an increase in our interest expense.

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, 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 \$83,049, from \$396,143 for the year ended December 31, 2016 to \$313,094 for the year ended December 31, 2017, primarily due to warrants expense being reclassified to interest expense.

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### Interest Expense

Interest expense increased by \$98,855 to \$317,194 for the year ended December 31, 2017 from \$218,339 in 2016. The slight increase relates to the fact we incurred more interest expense on certain loans where we borrowed money during 2017 compared to 2016 and warrants expense being reclassified from general and administrative expenses.

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

During the year ended December 31, 2017, we incurred a loss on fair value adjustment – derivatives of \$12,023, compared to no gain or loss on fair value adjustment – derivative for the year ended December 31, 2016. During the year ended December 31, 2016, the Company's common shares were in excess of its authorized shares amount of 100,000,000 shares. The Company determined approximately 11,127,182 stock warrants and 2,225,000 stock options granted for common shares, notes convertible into 22,137,880 common shares, and a shares purchase of 3,571,429 common shares, that totaled 38,455,430 common shares were in excess of the Company's authorized shares amount of 100,000,000 and were therefore accounted for at fair value under ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments. Utilizing Level 3 Inputs, the Company recorded fair market value adjustments for the 38,455,430 common shares over the Company's 100,000,000 authorized shares amount at December 31, 2017 and the year ended December 31, 2016 of none and \$180,038, respectively. The fair market value adjustments were calculated utilizing the Black-Sholes method using the following assumptions: risk free rates ranging between 0.10% - 1.06%, dividend yield of 0%, expected life of 1 year, volatility between 134% - 408%. On March 28, 2017, the Company filed a preliminary information statement (Schedule PRE 14C) with the SEC, reporting that stockholders of the Company owning a majority of the Company's outstanding voting securities have approved the following action (The "Action") by written consent dated March 10, 2017, in lieu of a special meeting of a stockholders. The SEC had 10 days from the March 28, 2017 filing date to comment on the Information Statement. The Company did not receive any comments on the Information Statement from the SEC within the 10-day period; filed a definitive information statement (Schedule DEF 14C) with the SEC on April 21, 2017 and mailed on April 26, 2017 to all shareholders of record as of March 27, 2017 (as identified in the certified shareholders list received from the Company's transfer agent). To complete the action, the Company filed an amendment to its Certificate of Incorporation with the State of Delaware on May 25, 2017, which increased the Company's authorized shares from 100,000,000 shares to 800,000,000 shares. The Company then reduced this derivative liability to zero and recorded a fair value adjustment loss on derivatives of \$12,023 during the year ended December 31, 2017. Since the increase in authorized shares happened during the year ended December 31, 2017, there was no such fair value adjustment losses or gains on derivatives during the year ended December 31, 2016 which is the reason for the increase during the year ended December 31, 2017.

### Interest Expense – Beneficial Conversion Feature

In the year ended December 31, 2017 our interest expense-beneficial conversion feature was none compared to \$15,250 for the year ended December 31, 2016, the decrease is due to all beneficial conversion expenses related to our convertible notes were fully amortized in 2016, therefore there were no beneficial conversion expenses amortized in 2017.

## Liquidity and Capital Resources

### Introduction

During the years ended December 31, 2017 and 2016, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of December 31, 2017 was \$142 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, 2017 and 2016, respectively, are as follows:

<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>Change</b>
----------------------------------	----------------------------------	---------------

Cash	\$	142	\$	14,305	\$	(14,163)
Total Current Assets		3,148		14,305		(11,157)
Total Assets		3,148		14,305		(11,157)
Total Current Liabilities		2,967,285		3,026,185		(58,900)
Total Liabilities	\$	2,967,285	\$	3,026,185	\$	(58,900)

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Our current assets decreased by \$11,157 as of December 31, 2017 as compared to December 31, 2016. The decrease in our current assets between the two periods was attributed to a decrease in our cash on hand of \$14,163, partially offset by \$3,006 of prepaid expenses as of December 31, 2017.

Our current liabilities decreased by \$58,900 as of December 31, 2017 as compared to December 31, 2016. This decrease was due to a decrease in

our stock subscription payable, accounts payable, related party payables and derivative liabilities offset by increases in accrued interest payable, related party notes payable net of unamortized debt issuance costs related to detached warrants, and other payables. As a result, our total liabilities also decreased by \$58,900.

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, 2017 of \$142 and \$14,305 on December 31, 2016. Based on our operating cash flow estimates, 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 \$162,557 for the year ended December 31, 2017, as compared to \$131,473 for the year ended December 31, 2016. In 2017, the net cash used for operating activities consisted primarily of our net loss of \$639,085, stock warrants expense of \$86,955, share based compensation of \$6,290 and change in fair value of derivative liabilities of \$12,023, in addition to changes in assets and liabilities of accounts payable of \$103,113, stock subscription payable of \$11,516, accrued interest payable of \$117,667, other payable of \$226,905, related party payable of (\$84,935), and prepaid expenses of (\$3,006). 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 \$16,319.

##### *Investments*

We did not have any cash used for investing activities in the years ended December 31, 2017 and December 31, 2016.

##### *Financing*

Our net cash provided by financing activities for the year ended December 31, 2017 was \$148,394, compared to \$137,927 for the year ended December 31, 2016. For 2017, our financing activities related to net proceeds from share issuances of \$50,200 and net proceeds from notes payable of \$98,194. For 2016, our financing activities related entirely to net proceeds from notes payable.



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**Contractual Obligations**

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

	<u>2017 (1)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Debt obligations	\$ 1,751,429	\$ -	\$ -	\$ -	\$ -	\$ 1,751,429
Capital leases	-	-	-	-	-	-
Operating leases	49,200	49,200	24,600	-	-	123,000
	<u>\$ 1,800,629</u>	<u>\$ 49,200</u>	<u>\$ 24,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,874,429</u>

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

**Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. The preparation of our audited consolidated financial statements and related disclosures require our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, and the reported amounts of revenues and expenses during the reported period. We base such estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

While our significant accounting policies are described in more detail in the notes to our audited consolidated financial statements appearing elsewhere in this annual report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

**Recent Accounting Pronouncements**

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivative and Hedging (Topic 815); (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The first part of this update addresses the complexity of accounting for certain financial instruments with down round features and the second part addresses the complexity of distinguishing liabilities from equity. The guidance is applicable to public business entities for fiscal years beginning after December 15, 2018 and interim periods within those years. We are currently evaluating the potential impact of the adoption of this

standard on our consolidated results of operations, financial position, and cash flows and related disclosures.

In May 2017, the Financial Accounting Standards Board, (“FASB”) issued Accounting Standards Update (“ASU”) 2017-09, *Scope of Modification Accounting, clarifies Topic 718, Compensation – Stock Compensation*, which requires a company to apply modification accounting to changes in the terms or conditions of a share-based payment award unless all of the following criteria are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the modification. The ASU indicates that if the modification does not affect any of the inputs to the valuation technique used to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the modification; and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the modification. The ASU is effective for all entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted, including adoption in an interim period. The Company currently does not have any modifications to existing stock compensation agreements and will be able to calculate the impact of the ASU once modifications arise.

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In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases, which establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on the consolidated financial statements.

The Company has early adopted ASU 2017-24 which simplifies the accounting for certain equity-linked financial instruments and embedded feature with down round features that reduce the exercise price when the pricing of a future round of financing is lower.

**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**

Our Board of trust managers conducted a competitive process to determine the Company's independent registered public accounting firm for the fiscal year ended December 31, 2017. As a result of this process, the Board of Directors approved the engagement of Benjamin & Young, LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2017 and notified former independent public accounting firm, Anton & Chia, LLP, that it had been dismissed.

On February 13, 2018, we filed a Current Report on Form 8-K which disclosed all the required information regarding the engagement of Benjamin & Young, LLP, and the dismissal of Anton & Chia, LLP, which is incorporated by reference in this Annual Report.

#### **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, 2017, 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.

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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.



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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, 2017. 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, 2017, 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 year ended December 31, 2017.

**ITEM 9B – OTHER INFORMATION**

None.

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**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 February 4, 2019, 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.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Charles Bennington	73	Chief Executive Officer, Secretary, Interim Chief Financial Officer, Chairman of the Board and a Director (December 2006)
Nick Noceti	47	Interim Chief Financial Officer (2018)
Michael Lanphere	58	Vice President of Legal Affairs and General Counsel
Devadatt Mishal	69	Director (June 2010)
Daljit Khangura	51	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.

**Charles Bennington** has been a director since April 2005. Mr. Bennington was appointed as our interim Chief Financial Officer in April 2017, and as our Chief Executive Officer and Secretary in January 2018. 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.



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**Nick Noceti** has been our Interim Chief Financial Officer since June 2018. Mr. Noceti is a licensed Certified Public Accountant and has run his own practice for the past five years. Mr. Noceti primarily works as a consultant with public and private companies preparing financial statements and working with the clients' outside accountants and auditors. Mr. Noceti received his B.A. in Business Administration, Finance/Investments in 1997 and his B.A. in Business Administration, Accounting in 2002, both from California State University, Long Beach.

**Michael Lanphere** has been our Vice President of Legal Affairs and General Counsel since February 2017. Mr. Lanphere is an attorney and is 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, 2017 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.



address appearing on the first page of this annual report.

*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, 2017, 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:

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



Ivan Braiker	2017	15,000	-0-	-0-	6,290	-0-	-0-	-0-	21,290
(Former Interim CEO and Interim Secretary) <sup>(2)</sup>	2016	-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 and resigned from those positions effective December 31, 2017.
- (3) Nick Noceti was appointed to the role of CFO in 2018.
- (4) Amounts accrued for Mr. Bennington's role on the Board of Directors

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*Employment Contracts*

In May 2011, we entered into an employment agreement with Mr. Bennington which expired on December 31, 2017. The employment agreement provided that we would 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. Since the Company was unable to compensate him as stipulated per the agreement, Mr. Bennington agreed to drop his yearly compensation, and resulting yearly accrual, to \$120,000 per year with no yearly increases as stipulated in years 2 through 5. In September 2016, before the expiration of Mr. Bennington's contract, the Company appointed Ivan Braiker as its sole CEO, and Mr. Bennington subsequently took a role as a member of the Board of Directors at a monthly rate of \$5,000. In connection with Mr. Braiker's appointment, Mr. Braiker entered into a letter agreement with us, under which he accrued a monthly retainer of \$7,500, to be paid only if we successfully close financing of at least \$200,000. Mr. Braiker was also granted options to purchase 1,500,000 shares of our common stock at an exercise price of \$0.0045 per share at a fair value of \$6,290. In an act of good faith by the Company, Mr. Braiker was paid \$15,000 in 2017 in relation to his letter agreement. Effective with his resignation on December 31, 2017, we did not owe,



accrue for or pay Mr. Braiker any further compensation as he was unable to secure financing of \$200,000 for the Company as stipulated per the letter agreement. Mr. Braiker was not compensated for his services as a member of our Board of Directors.

*Director Compensation*

The following table sets forth director compensation for 2017:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Charles Bennington	60,000	-0-	-0-	-0-	-0-	-0-	60,000
Ivan Braiker <sup>(1)</sup>	15,000	-0-	6,290	-0-	-0-	-0-	21,290
Devadatt Mishal	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Daljit Khangura	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Mr. Braiker resigned from our Board of Directors effective December 31, 2017.

No director received full compensation for the fiscal years December 31, 2017 and December 31, 2016. We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors may 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, 2017:

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying 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 <sup>(1)</sup>	1,500,000	-0-	-0-	\$ 0.0045	08/2021	-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-
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(1) Mr. Braiker resigned from his executive officer positions effective December 31, 2017.

*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, 2017.

*Aggregated Option Exercises*

There were no options exercised by any officer or director of our company during our twelve month period ended December 31, 2017.

*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.

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***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 February 4, 2019, 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.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner<sup>(2)</sup></b>	<b>Nature of Beneficial Ownership</b>	<b>Amount</b>	<b>Percent of Class (1)</b>
Common Stock	Charles Bennington <sup>(3)</sup>	CEO, Secretary, Interim CFO and Director	1,004,422	<1%
Common Stock	Nick Noceti <sup>(3)</sup>	Interim Chief Financial Officer	1,033,333 <sup>(4)</sup>	<1%
Common Stock	Devadatt Mishal <sup>(3)</sup>	Director	15,534,857 <sup>(7)</sup>	10.6%

Common Stock	Daljit Khangura <sup>(3)</sup>	Director	996,357 <sup>(5)</sup>	<1%
Common Stock	Michael A. Lanphere	Vice President of Legal Affairs and General Counsel	55,722,940 <sup>(6)</sup>	38.1%
	All Officers and Directors as a Group (5 persons)		73,541,909 <sup>(4)- (6)</sup>	50.3%

- (1) Unless otherwise indicated, based on 146,166,941 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 issued and outstanding for purposes of computing the percentage of the person holding such options or warrants.
- (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) Includes vested stock options to purchase 250,000 shares of our common stock at \$0.007 per share. The options expire in October 2019.
- (5) Includes options to purchase 450,000 shares of our common stock at \$0.068 per share, which are exercisable at any time. The options expire in October 2019.
- (6) Includes 10,818,583 shares of our common stock issuable to Mr. Lanphere if he exercises the remaining stock warrants (fees) under certain loan agreements with us, 10,412,860 shares of our common stock if he were to convert his shares of Series A Preferred Stock, and 2,242,565 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.
- (7) Includes 8,134,420 shares of our common stock issuable to Devadatt Mishal if he exercises the remaining stock warrants (fees) under certain loan agreements with us.

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.

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**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 warrant, 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 warrant, 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 December 3, 2014, Lanphere Law Group, the Company’s largest shareholder, entered into an agreement with the Company to convert 50% of its outstanding accounts payable of \$428,668 to a notes payable. This notes payable represents the one half balance in the amount of \$214,334 of attorney fees and costs owed up until October 31, 2014. This agreement further provided that the remaining 50% of unpaid legal fees in accounts payable were to be paid and retained as a current payable. In addition, 50% of the attorney fees and costs incurred from November 1, 2014 are to be converted on a monthly basis to common stock at a price of .09 per share until the accounts payable balance for attorney fees is paid current. The Company recorded to equity a total related party gain related to these conversions at the year ended December 31, 2017 and December 31, 2016 of \$182,111 and none, respectively. During the year ended December 31, 2017 and December 31, 2016, approximately \$45,994 converted to 511,052 common shares and \$61,009 converted to 677,871 common shares were recorded to general and administrative expenses, respectively. Per this agreement as of December 31, 2017 and the year ended December 31, 2016, on a cumulative basis, approximately \$193,627 of accounts payable was converted into 2,151,417 shares and \$147,633 was converted into 1,640,365 shares, respectively. All amounts were recorded to general and administrative expense as incurred.

On July 1, 2015, the Company amended the December 3, 2014 note payable agreement with Lanphere Law Group, a related party and the company’s largest shareholder, which forgave \$108,000 of the note payable’s principal balance. This debt forgiveness brought down the original principal balance on the note of \$214,335 to a new principal balance of \$106,335, and a related party gain of \$108,000 was recorded to additional paid in capital. This amendment also extended the note payable’s due date to December 2, 2015. The note payable amount of \$214,335 was recorded to general and administrative expense as incurred.

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 were not convertible into shares of our common stock until we increased our authorized common stock to a sufficient amount in order to permit conversions of the Series A Preferred Stock without going over our authorized common shares amount. The shares of Series A Preferred Stock vote on an “as converted” basis. Since the shares were not currently convertible, they could not be voted for conversion until we increased our authorized common stock sufficient to permit such conversions. Once we increased our authorized common stock, on May 25, 2017, Mr. Lanphere has the right to convert his shares of Series A Preferred Stock into our common stock (if the minimum stock price is achieved which as of January 25, 2019 has not occurred). These preferred shares have been issued.

On March 8, 2017, Lanphere Law Group, a related and party and the Company’s largest shareholder, irrevocably elected to exercise options in order to acquire 32,248,932 shares of the Company’s common stock in exchange for an aggregate exercise price of \$112,871 which was used for the deduction of \$74,672 of principal and \$38,199 of accrued interest related to this note payable. The principal balance of the note after the debt deduction was \$31,662 respectively. At December 31, 2017 and December 31, 2016, the principal balance of this note was \$31,662 and \$106,335, respectively. At December 31, 2017 and December 31, 2016, the accrued interest on this note was \$3,168 and \$38,198, respectively. The note payable amount of \$74,672 was recorded to general and administrative expenses and the \$38,199 was recorded to interest expense as incurred. After this exercise, Mr. Lanphere still owns options to acquire an additional 10,818,583 shares of our common stock.

The Company entered into a lease agreement with Lanphere Law Group, a related party and the Company’s largest shareholder, whereas the Company is the tenant and is paying monthly rent of \$4,100. The term of this operating lease runs from July 1, 2015 to June 30, 2019. Rent expense for the years ended December 31, 2017 and December 2016 of \$49,200 and \$49,200, was recorded to general and administrative expense, respectively.

#### **Corporate Governance**

As of December 31, 2017, our Board of Directors consisted of Charles Bennington, Ivan Braiker, Devadatt Mishal, and Daljit Khangura. As of December 31, 2017, 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, 2017 and December 31, 2016 for professional services rendered by Benjamin & Young, LLP for the audit for the year ended December 31, 2017 and Anton & Chia, LLP for the audit of our annual consolidated financial statements for December 31, 2016, quarterly reviews of our interim consolidated financial statements in 2016 and 2017 and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	<b>Year Ended 2017</b>	<b>Year Ended 2016</b>
Audit Fees and Audit Related Fees	\$ 53,530	\$ 30,085
Tax Fees	0	0
All Other Fees	0	0
<b>Total</b>	<b>\$ 53,530</b>	<b>\$ 30,085</b>

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 Benjamin & Young, LLP and Anton & Chia, LLP and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Benjamin & Young, LLP's and 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

**(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**

<a href="#">3.1 (1)</a>	<a href="#">Articles of Incorporation of Imagine Media, Ltd.</a>
<a href="#">3.2 (3)</a>	<a href="#">Articles of Amendment to Articles of Incorporation to TransBiotech, Inc.</a>
<a href="#">3.3*</a>	<a href="#">Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on May 25, 2017</a>
<a href="#">3.3 (1)</a>	<a href="#">Bylaws of Imagine Media, Ltd.</a>
<a href="#">10.1 (1)</a>	<a href="#">Spin-of Trust Agreement by and between Gregory A. Bloom and Imagine Holding Corp. dated August 10, 2007</a>
<a href="#">10.2 (1)</a>	<a href="#">Form of Work For Hire Agreement</a>
<a href="#">10.3 (1)</a>	<a href="#">Assignment and Assumption Agreement by and between Imagine Holding Corp. and Imagine Media, Ltd. dated August 23, 2007</a>
<a href="#">10.4 (4)</a>	<a href="#">Form of Series A Stock Purchase Agreement</a>
<a href="#">10.5 (4)</a>	<a href="#">Form of Amendment No. 1 to Series A Preferred Stock Purchase Agreement</a>
<a href="#">31.1</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)</a>
<a href="#">31.2</a>	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Accounting Officer (filed herewith)</a>
<a href="#">32.1</a>	<a href="#">Section 1350 Certification of Chief Executive Officer (filed herewith).</a>
<a href="#">32.2</a>	<a href="#">Section 1350 Certification of Chief Accounting Officer (filed herewith).</a>

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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

\* Filed herewith.

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

- (1) Incorporated by reference from our Registration Statement on Form SB-2, filed with the Commission on January 31, 2008.
- (2) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on September 11, 2012
- (3) Incorporated by reference from our Registration Statement on Form S-1, filed with the Commission on November 6, 2012
- (4) Incorporated by reference from our Quarterly Report on Form 10-Q for the period ended June 30, 2017, filed with the Commission on August 21, 2017.

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**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.

**TransBiotech, Inc.**

Dated: February 4, 2019

By: /s/ Charles Bennington  
Its: Charles Bennington  
Chief Executive Officer (Principal Executive Officer)  
and Interim Chief Financial Officer  
(Principal Accounting Officer)

Dated: February 4, 2019

By: /s/ Nick Noceti  
Its: Nick Noceti  
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: February 4, 2019

By: /s/ Charles Bennington  
Its: Charles Bennington, Director, Chief Executive Officer  
(Principal Executive Officer), Secretary,  
and Interim Chief Financial Officer (Principal Accounting Officer)

Dated: February 4, 2019

By: /s/ Nick Noceti  
Its: Nick Noceti  
Chief Financial Officer (Principal Accounting Officer)

Dated: February 4, 2019

By: /s/ Devadatt Mishal  
Its: Devadatt Mishal, Director

Dated: February 4, 2019

By: /s/ Daljit Khangura  
Its: Daljit Khangura, Director

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**ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**INDEX**

Financial Statements:

<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	F-2
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	F-3
<a href="#"><u>Consolidated Balance Sheets</u></a>	F-4
<a href="#"><u>Consolidated Statement of Operations</u></a>	F-5
<a href="#"><u>Consolidated Statements of Changes in Stockholders' Deficit</u></a>	F-6
<a href="#"><u>Consolidated Statement of Cash Flows</u></a>	F-7
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	F-8

Supplementary Data

Not applicable	
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Stockholders of TransBiotech, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of TransBiotech, Inc. (the “Company”) as of December 31, 2017, and the related statements of operations, stockholders’ equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

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 result from the outcome of this uncertainty.

/s/ Benjamin & Young, LLP

We have served as the Company’s auditor since 2018.

Anaheim, California  
February 4, 2019



CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying consolidated balance sheets of TransBiotech, 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 result 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**

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 142	\$ 14,305
Prepaid Expenses	3,006	-
<b>Total current assets</b>	<u>3,148</u>	<u>14,305</u>
<b>Total Assets</b>	<u>\$ 3,148</u>	<u>\$ 14,305</u>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 270,851	\$ 349,849
Accrued interest payable	382,302	302,834
Notes payable - current - related parties	630,575*	627,022*
* Includes unamortized debt issuance costs related to detached warrants of \$19,969 and none at December 31, 2017 and December 31, 2016, respectively.		
Notes payable - current - non related parties	163,574	163,574
Derivative liability	-	180,038
Stock subscription payable	-	28,081
Related party payables	1,026,819	1,111,754
Other payables	493,164	263,033
<b>Total current liabilities</b>	<u>2,967,285</u>	<u>3,026,185</u>
<b>Total Liabilities</b>	<u>2,967,285</u>	<u>3,026,185</u>
<b>Stockholders' Deficit</b>		
Preferred stock, \$.00001 par value; 22,000,000 shares authorized, No shares issued or outstanding as of December 31, 2017 and December 31, 2016, respectively	-	-
Series A Convertible Preferred stock, \$.00001 par value; 3,000,000 shares authorized, 1,388,575 and no shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	14	-
Common stock, \$.00001 par value; 800,000,000 shares authorized; 109,409,930 and 67,751,068 shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	1,096	677
Additional paid in capital	14,785,051	14,095,430
Accumulated deficit	(17,703,171)	(17,064,086)
Total Transbiotec, Inc. stockholders' deficit	<u>(2,917,010)</u>	<u>(2,967,979)</u>
Noncontrolling interest	(47,127)	(43,901)
<b>Total Stockholders' Deficit</b>	<u>(2,964,137)</u>	<u>(3,011,880)</u>
<b>Total Liabilities and Stockholders' Deficit</b>	<u>\$ 3,148</u>	<u>\$ 14,305</u>

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

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	December 31, 2017	December 31, 2016
Revenues	\$ -	\$ -
Operating expenses:		
General and administrative	313,094	396,143
	313,094	396,143
Loss from operations	(313,094)	(396,143)
Other income (expense):		
Loss on fair value adjustment - derivatives	(12,023)	-
Interest expense	(317,194)	(218,339)
Interest expense - beneficial conversion feature	-	15,250
	(329,217)	(203,089)
Loss before provision for income taxes	(642,311)	(599,232)
Provision for income tax	-	-
<b>Net loss</b>	(642,311)	(599,232)
Less: Net loss attributable to noncontrolling interest	3,226	4,102
<b>Net loss attributable to TranBioTec, Inc.</b>	<u>\$ (639,085)</u>	<u>\$ (595,130)</u>
<b>Net loss per share</b>		
(Basic and fully diluted)	<u>\$ (0.007)</u>	<u>\$ (0.009)</u>
Weighted average number of common shares outstanding	<u>97,823,538</u>	<u>67,320,740</u>

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**  
**Stockholders'**

	<u>Common Stock</u>		<u>Preferred Stock</u>		Additional Paid in Capital	Accumulated Deficit	Stockholders' Deficit - TransBioTec Inc.	Total Stockholders' Deficit	Noncontrolling Interest
	Shares	Amount (\$,0001 Par)	Shares	Amount (\$,0001 Par)					
<b>Balances at January 1, 2015</b>	<b>60,251,068</b>	<b>\$ 602</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 14,353,628</b>	<b>\$ (16,468,956)</b>	<b>\$ (2,114,726)</b>	<b>\$ (2,154,525)</b>	<b>\$ (39,799)</b>
Common Stock issued for cash	5,000,000	50	-	-	24,950	-	25,000	25,000	-
Common 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 Warrants Amortization	-	-	-	-	(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)	-
<b>Balances at December 31, 2016</b>	<b>67,751,068</b>	<b>677</b>	<b>-</b>	<b>-</b>	<b>14,095,430</b>	<b>(17,064,086)</b>	<b>(2,967,979)</b>	<b>(3,011,880)</b>	<b>(43,901)</b>
Common Stock issued for cash	7,202,679	72	-	-	60,128	-	60,200	60,200	-
Common Stock issued due to options exercise	32,248,932	323	-	-	112,548	-	112,871	112,871	-
Common Stock issued to settle accounts payable	2,151,417	23	-	-	11,493	-	11,516	11,516	-
Common Stock issued to settle non related party debt	55,834	1	-	-	18,066	-	18,067	18,067	-
Preferred Stock issued for debt	-	-	1,388,575	14	-	-	14	14	-
Paid in capital - Fair Value of Unamortized Stock Warrants	-	-	-	-	19,969	-	19,969	19,969	-
Paid in capital - Stock Warrants Amortization	-	-	-	-	86,955	-	86,955	86,955	-
Paid in capital - Fair Value of Stock Compensation	-	-	-	-	6,290	-	6,290	6,290	-
Paid in capital - Gain on related party debt conversion	-	-	-	-	182,111	-	182,111	182,111	-
Paid in capital - Reclassification of common share equivalents to derivative liabilities	-	-	-	-	(199,919)	-	(199,919)	(199,919)	-
Paid in capital - Reclassification of derivative liabilities to common share equivalents	-	-	-	-	391,980	-	391,980	391,980	-
Share exchange									
- noncontrolling interest	-	-	-	-	-	-	-	(3,226)	(3,226)
Net loss for the year	-	-	-	-	-	(639,085)	(639,085)	(639,085)	-
<b>Balances at December 31, 2017</b>	<b><u>109,409,930</u></b>	<b><u>1,096</u></b>	<b><u>1,388,575</u></b>	<b><u>14</u></b>	<b><u>\$14,785,051</u></b>	<b><u>\$ (17,703,171)</u></b>	<b><u>\$ (2,917,010)</u></b>	<b><u>\$ (2,964,137)</u></b>	<b><u>\$ (47,127)</u></b>

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



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**TransbioTec, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For The Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating Activities:</b>		
Net loss	\$ (639,085)	\$ (595,130)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Change in fair value of derivative liability	12,023	-
Note payable beneficial conversion expense	-	(21,500)
Stock Warrants Expense	86,955	(7,512)
Stock Based Compensation	6,290	34,750
Changes in assets and liabilities:		
Prepaid expenses	(3,006)	-
Accounts payable	103,113	(272,280)
Stock subscription payable	11,516	(27,801)
Accrued interest payable	117,667	120,156
Related party payable	(84,935)	615,275
Note payable	-	6,250
Other payable	226,905	16,319
Net cash used for operating activities	(162,557)	(131,473)
<b>Financing Activities:</b>		
Proceeds from shares issuances - related parties	25,000	-
Proceeds from shares issuances - non-related parties	25,200	-
Proceeds from notes payable - related parties	98,194	137,927
Net cash provided by financing activities	148,394	137,927
<b>Net Change In Cash</b>	<b>(14,163)</b>	<b>6,454</b>
<b>Cash At The Beginning Of The Period</b>	<b>14,305</b>	<b>7,851</b>
<b>Cash At The End Of The Period</b>	<b>\$ 142</b>	<b>\$ 14,305</b>
Schedule Of Non-Cash Investing And Financing Activities		
Debt converted to capital	\$ 130,938	\$ 9,750
Accounts payable converted to capital	\$ 193,627	\$ -
Reclassification of common share equivalents to derivative liabilities	\$ 199,919	\$ 180,038
Reclassification of derivative liabilities to paid in capital	\$ 391,980	\$ -
Shares issued for cash received in prior year(s)	\$ 10,000	\$ 25,000
Supplemental Disclosure		
Cash paid for interest	\$ 3,750	\$ 12,500
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 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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 audited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the presentation of annual financial information.

In management's opinion, the audited consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the financial position for the years ended December 31, 2017 and December 31, 2016, and results of operations and cash flows for the years ended December 31, 2017 and December 31, 2016.

Principles of consolidation

The accompanying audited condensed consolidated financial statements include the accounts of the Company and its majority owned subsidiary, Transbiotec-CA. We have eliminated all intercompany transactions and balances between entities consolidated in these financial statements.

Use of Estimates

The preparation of audited 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.

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**TransBiotec, Inc.**  
**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

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, 2017 and December 31, 2016.

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. The Company has not recorded any deferred tax assets or liabilities at December 31, 2017.

Net loss per share

The basic and fully diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common outstanding.

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:



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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.

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 at its 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. 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.

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.

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Stock based compensation

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 505-50 “Equity-Based Payments to Non-Employees”.

Minority interest (Noncontrolling interest)

A subsidiary of the Company has minority members, representing ownership interests of 1.38% at December 31, 2017. 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.

Related Parties

Related parties are any entities or individuals that, through employment, ownership or other means, possess the ability to direct or cause the direction of the management and policies of the Company.

New pronouncements

In July 2017, the FASB issued ASU-2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Noncontrolling Interests of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The first part of this update addresses the complexity of accounting for certain financial instruments with down round features and the second part addresses the complexity of distinguishing equity from liabilities. The guidance is applicable to public business entities for fiscal years beginning after December 15, 2018 and interim periods within those years. We are currently evaluating the potential impact of the adoption of this standard on our consolidated results of operations, financial position and cash flows, and related disclosures.

In May 2017, the Financial Accounting Standards Board, (“FASB”) issued Accounting Standards Update (“ASU”) 2017-09, *Scope of Modification Accounting, clarifies Topic 718, Compensation – Stock Compensation*, which requires a company to apply modification accounting to changes in the terms or conditions of a share-based payment award unless all of the following criteria are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the modification. The ASU indicates that if the modification does not affect any of the inputs to the valuation technique used to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the modification; and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the modification. The ASU is effective for all entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted, including adoption in an interim period. The Company currently does not have any modifications to existing stock compensation agreements and will be able to calculate the impact of the ASU once modifications arise.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases, which establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on the consolidated financial statements.

The Company has early adopted ASU 2017-24 which simplifies the accounting for certain equity-linked financial instruments and embedded feature with down round features that reduce the exercise price when the pricing of a future round of financing is lower.

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**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, 2017, the accumulated deficit is \$17,703,171, a \$142 cash balance, carrying loans of principal and interest in default totaling \$1,029,140, current notes payable and interest of \$1,196,420 and negative cash flows from operating activities of \$162,557. These principal conditions or events, considered in the aggregate, indicates it is probable that the entity will be unable to meet its obligations as they become due within one year after the date the financial statements are issued. As such, there is substantial doubt about the entity's ability to continue as a going concern.

On May 25, 2017, the Company increased their number of unauthorized shares from 100,000,000 to 800,000,000 as they hope to raise additional capital through the sale of its equity securities, through an offering of debt securities, or through borrowings from financial institutions or others, and debt restructure (conversion of debt to equity). By doing so, the Company further hopes to generate revenues from sales of its alcohol sensing and ignition lock systems. The Company is currently engaged in talks with potential sales reps, funding sources, and manufacturers. They may also consider opportunities to create synergy with its SOBR product. Management believes actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern. Management's plans are speculative at this time, and no formal documentation of these plans nor approvals of such plans have occurred before December 31, 2017. As such, substantial doubt about the entity's ability to continue as a going concern has not been alleviated as of December 31, 2017.

**NOTE 3. RELATED PARTY TRANSACTIONS**

In May 2011, we entered into an employment agreement with Mr. Bennington which expired on December 31, 2017. The employment agreement provided that we would 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. Since the Company was unable to compensate him as stipulated per the agreement, Mr. Bennington agreed to drop his yearly compensation, and resulting yearly accrual, to \$120,000 per year with no yearly increases as stipulated in years 2 through 5. In September 2016, before the expiration of Mr. Bennington's contract, the Company appointed Ivan Braiker as its sole CEO, and Mr. Bennington subsequently took a role as a member of the Board of Directors at a monthly rate of \$5,000. In connection with Mr. Braiker's appointment, Mr. Braiker entered into a letter agreement with us, under which he accrued a monthly retainer of \$7,500, to be paid only if we successfully close financing of at least \$200,000. Mr. Braiker was also granted options to purchase 1,500,000 shares of our common stock at an exercise price of \$0.0045 per share at a fair value of \$6,290. In an act of good faith by the Company, Mr. Braiker was paid \$15,000 in 2017 in relation to his letter agreement. Effective with his resignation on December 31, 2017, we did not owe, accrue for or pay Mr. Braiker any further compensation as he was unable to secure financing of \$200,000 for the Company as stipulated per the letter agreement. Mr. Braiker was not compensated for his services as a member of our Board of Directors.

As of December 31, 2017, and December 31, 2016, the Company had payables due to officers, for accrued compensation and services of \$474,156 and \$511,656, respectively, recorded as a related party payable on the audited consolidated balance sheet. The decrease is related to an adjustment to Ivan Braiker's accrued compensation when he was unable to secure financing of \$200,000 for the Company and subsequently resigned in 2017. No director received full compensation for the fiscal years December 31, 2017 and December 31, 2016. We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors may 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.

On December 3, 2014, Lanphere Law Group, the Company's largest shareholder, entered into an agreement with the Company to convert 50% of its outstanding accounts payable of \$428,668 to a notes payable. This notes payable represents the one half balance in the amount of \$214,334 of attorney fees and costs owed up until October 31, 2014. This agreement further provided that the remaining 50% of unpaid legal fees in accounts payable were to be paid and retained as a current payable. In addition, 50% of the attorney fees and costs incurred from November 1, 2014 are to be converted on a monthly basis to common stock at a price of .09 per share until the accounts payable balance for attorney fees is paid current. The Company recorded to equity a total related party gain related to these conversions at the year ended December 31, 2017 and December 31, 2016 of \$182,111 and none, respectively. During the year ended December 31, 2017 and December 31, 2016, approximately \$45,994 converted to 511,052 common shares and \$61,009 converted to 677,871 common shares were recorded to general and administrative expenses, respectively. Per this agreement as of December 31, 2017 and the year ended December 31, 2016, on a cumulative basis, approximately \$193,627 of accounts payable was converted into 2,151,417 shares and \$147,633 was converted into 1,640,365 shares, respectively. All amounts were recorded to general and administrative expense as incurred.

On July 1, 2015, the Company amended the December 3, 2014 note payable agreement with Lanphere Law Group, a related party and the company's largest shareholder, which forgave \$108,000 of the note payable's principal balance. This debt forgiveness brought down the original principal balance on the note of \$214,335 to a new principal balance of \$106,335, and a related party gain of \$108,000 was recorded to additional paid in capital. This amendment also extended the note payable's due date to December 2, 2015. The note payable amount of \$214,335 was recorded to general and administrative expense as incurred.

On March 8, 2017, Lanphere Law Group, a related and party and the Company's largest shareholder, irrevocably elected to exercise options in order to acquire 32,248,932 shares of the Company's common stock in exchange for an aggregate exercise price of \$112,871 which was used for the deduction of \$74,672 of principal and \$38,199 of accrued interest related to this note payable. The principal balance of the note after the debt deduction was \$31,662 respectively. At December 31, 2017 and December 31, 2016, the principal balance of this note was \$31,662 and \$106,335, respectively. At December 31, 2017 and December 31, 2016, the accrued interest on this note was \$3,168 and \$38,198, respectively. The note payable amount of \$74,672 was recorded to general and administrative expenses and the \$38,199 was recorded to interest expense as incurred. After this exercise, Mr. Lanphere still owns options to acquire an additional 10,818,583 shares of our common stock.

The Company entered into a lease agreement with Lanphere Law Group, a related party and the Company's largest shareholder, whereas the Company is the tenant and is paying monthly rent of \$4,100. The term of this operating lease runs from July 1, 2015 to June 30, 2019. Rent expense for the years ended December 31, 2017 and December 2016 of \$49,200 and \$49,200, was recorded to general and administrative expense, respectively.





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**NOTE 4. NOTES PAYABLE**

**RELATED PARTIES**

The Company has certain convertible notes payable to related parties that have a principal balance due at December 31, 2017 and December 31, 2016 of \$91,000 and \$91,000, respectively. These notes carry interest rates ranging from 7% - 9% and have due dates ranging from 1/23/2014 - 4/8/2015. All notes are currently in default and carry a default interest rate of 10%, and conversion prices ranging from \$0.0072 - \$0.08 per share. The Company evaluated these convertible notes and determined that, for the embedded conversion option, there was a beneficial conversion value to record. The beneficial conversion feature was amortized over the life of the notes, one year, and were fully amortized at December 31, 2017 and December 31, 2016. No beneficial conversion feature expense was incurred during the years ended December 31, 2017 and December 31, 2016.

The Company has certain non-convertible notes payable to related parties that have a principal balance due at December 31, 2017 and December 31, 2016 of \$343,700 and \$418,372, respectively. These notes carry interest rates ranging from 0% - 10%, and have due dates ranging from 8/03/2012 - 7/23/2016. All notes are currently in default and carry a default interest rate of 10%.

The Company has certain notes payable with detached free-standing warrants to related parties that have a principal balance due at December 31, 2017 and December 31, 2016 of \$215,844 and \$117,650, respectively. These notes carry interest rates ranging from 7% - 10% and have due dates ranging from 8/05/2015 - 12/14/2018. 8 of these notes, carrying a total principal balance of \$117,650, are currently in default and carry a default interest rate of 10%. The exercise price for each note payable attached warrant ranges from \$0.0044 - \$0.016. At year end December 31, 2017 and December 31, 2016, these notes carried outstanding detached free-standing warrants of 16,070,611 and 6,860,544, respectively. The unamortized discount related to these warrants at the year ended December 31, 2017 and December 31, 2016 was \$19,969 and none, respectively. At year end December 31, 2017 and December 31, 2016, warrants expense recorded to interest expense was \$86,954 and none, respectively. The reason for the increase is at year end December 31, 2016, the Company determined approximately 6,860,544 of these detached free-standing warrants were in excess of the Company's authorized shares amount of 100,000,000 and were therefore accounted for at fair value under ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments. Utilizing Level 3 Inputs, the Company recorded fair market value adjustments for these common shares over the Company's 100,000,000 authorized shares amount at the year ended December 31, 2016. The fair market value adjustments were calculated utilizing the Black-Scholes 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%.

	2017	2016
Convertible Notes Payable	91,000	91,000
Conventional Non-Convertible Notes Payable	312,038	312,038
Notes Payable with detached free-standing warrants	247,506	223,984
Unamortized Discount	(19,969)	-
Net Related Party Notes Payable	630,575	627,022

**NON- RELATED PARTIES**

The Company has certain convertible notes payable to non-related parties that have a principal balance due at December 31, 2017 and December 31, 2016 of \$137,136 and \$137,136, respectively. These notes carry interest rates ranging from 8% - 30%, and have due dates ranging from 2/08/2012 - 3/26/2016. All notes are currently in default and carry a default interest rate of 10%. These notes carry conversion prices ranging from \$0.0017- \$0.3235688 per share. The Company evaluated these convertible notes and determined that, for the embedded conversion option, there was a beneficial conversion value to record. The beneficial conversion feature was amortized over the life of the note, one year, and were fully amortized at December 31, 2017 and December 31, 2016. No beneficial conversion feature expense was incurred during the years ended December 31, 2017 and December 31, 2016.

The Company has certain non-convertible notes payable to non-related parties that have a principal balance due at December 31, 2017 and December 31, 2016 of \$21,438 and \$21,438, respectively. These notes carry interest rates ranging from 9% - 18% and have due dates ranging from 1/31/2013 - 11/11/2015. All notes are currently in default and carry a default interest rate of 10%.

The Company has certain notes payable with detached free-standing warrants to a non-related party that has a principal balance due at December 31, 2017 and December 31, 2016 of \$5,000 and \$5,000, respectively. This note carries an interest rate of 10%, had a due date of 9/11/2014. This note is currently in default. The exercise price for the attached warrant is \$0.019 for a total amount of 50,000 common shares. At year end December 31, 2017 and December 31, 2016, this note carried outstanding detached free-standing warrants of 50,000 and 50,000, respectively. There was no unamortized discount related to these warrants at the year ended December 31, 2017 and December 31, 2016 and no warrants expense recorded as interest expense at December 31, 2017 and December 31, 2016.

	2017	2016
Convertible Notes Payable	137,136	137,136
Conventional Non-Convertible Notes Payable	21,438	21,438
Notes Payable with detached free-standing warrants	5,000	5,000
Net Non-Related Party Notes Payable	163,574	163,574

Interest expense under notes payable for the years ended December 31, 2016 and December 31, 2017 was \$121,338 and \$117,421 respectively.

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**NOTE 5. DERIVATIVE LIABILITY**

On March 28, 2017, the Company filed a preliminary information statement (Schedule PRE 14C) with the SEC, reporting that stockholders of the Company owning a majority of the Company's outstanding voting securities have approved the following action (The "Action") by written consent dated March 10, 2017, in lieu of a special meeting of a stockholders.

- (1) To elect (4) directors to serve until the next Annual Meeting of Shareholders and thereafter until their successors are elected and qualified.
- (2) To approve an amendment to the Company's Articles of Incorporation to increase the authorized common stock from 100,000,000 shares, par value \$0.00001 to 800,000,000 shares of common stock, par value of \$0.00001.
- (3) Approval of the 2017 Transbiotech, Inc. Omnibus Stock Grant and Option Plan (the "Plan") which authorized 10,000,000 shares of the Company's common stock, a number equal to ten percent (10%) of the Company's outstanding common stock on the date the Plan was approved by a majority of the Company's stockholders, for issuance to Eligible Recipients.

The stockholders of the Company owning a majority of the Company's outstanding voting securities believe this action will help increase the likelihood of raising funds for the Company, although there is no assurance this will occur.

The SEC had 10 days from the March 28, 2017 filing date to comment on the Information Statement. The Company did not receive any comments on the Information Statement from the SEC within the 10-day period; filed a definitive information statement (Schedule DEF 14C) with the SEC on April 21, 2017 and mailed on April 26, 2017 to all shareholders of record as of March 27, 2017 (as identified in the certified shareholders list received from the Company's transfer agent). To complete the action, the Company filed an amendment to its Certificate of Incorporation with the State of Delaware on May 25, 2017, which increased the Company's authorized shares from 100,000,000 shares to 800,000,000 shares.

The Company determined approximately 11,127,182 stock warrants and 2,225,000 stock options granted for common shares, notes convertible into 22,137,880 common shares, and a shares purchase of 3,571,429 common shares, that totaled 38,455,430 common shares were in excess of the Company's authorized shares amount of 100,000,000 during the year ended December 31, 2017 and were therefore accounted for at fair value under ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments. Utilizing Level 3 Inputs, the Company recorded fair market value adjustments for the 38,455,430 common shares over the Company's 100,000,000 authorized shares amount at December 31, 2017 and the year ended December 31, 2016 of none and \$180,038, respectively. The fair market value adjustments were calculated utilizing the Black-Sholes method using the following assumptions: risk free rates ranging between 0.10% - 1.06%, dividend yield of 0%, expected life of 1 year, volatility between 134% - 408%.

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

Balance at December 31, 2016	(180,038)
Derivative change due to new issuances	(199,919)
Derivative change due to reclassifications to equity	391,980
Derivative loss due to mark to market adjustment	(12,023)
Balance at December 31, 2017	-

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**NOTE 6. 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, 2016 and 2017 the Company had net operating loss carry forwards of approximately \$7,299,000 and \$8,198,000 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 \$1,460,000 and \$1,640,000 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 2016 and 2017 was \$123,000 and \$180,000.

There is no current or deferred tax expense for the years ended December 31, 2016 and 2017. The Company has not filed tax returns however management believes there are no taxes due as of December 31, 2016 and 2017.

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

For the years ended December 31, 2017 and 2016, the Company incurred net losses and therefore has no tax liability. The Company began operations in 2007 and had net operating loss carry-forwards of approximately \$8,198,000 that will be carried forward and can be used through the year 2037 to offset future taxable income. In the future, the cumulative net operating loss carry forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The provision for Federal income tax consists of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Income tax benefit attributable to:		
Net loss	(676,147)	(595,130)
Permanent differences	142,446	(21,431)
Valuation allowance	533,701	616,561
Net provision for income tax	<u>-</u>	<u>-</u>

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The cumulative tax effect at the expected federal tax rate of 34% of significant items comprising our net deferred tax amount is as follows on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Deferred tax asset attributable to:		
Net operating loss carry forward	8,198,000	7,299,000
Valuation allowance	<u>(8,198,000)</u>	<u>(7,299,000)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

The cumulative tax effect at the expected state tax rate of 5% of significant items comprising our net deferred tax amount is as follows on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Deferred tax asset attributable to:		
Net operating loss carry forward	410,000	365,000
Valuation allowance	<u>(410,000)</u>	<u>(365,000)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately \$8,198,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited to use in future years.

The Company has identified the United States Federal tax returns as its "major" tax jurisdiction. The United States Federal return years 2012 – 2017 are still subject to tax examination by the United States Internal Revenue Service; however, we do not currently have any ongoing tax examinations.

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**NOTE 7. STOCK WARRANTS AND STOCK OPTIONS**

The Company accounts for employee stock options and non-employee stock warrants 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, utilizing the Black Scholes pricing model. Unless otherwise provided for, the Company covers option exercises by issuing new shares.

Beginning on December 12, 2012, Michael A. Lanphere, a related party, loaned the Company money for a variety of purposes, some for working capital and some to allow the Company 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 warrant, which permits Mr. Lanphere to acquire shares of our common stock in exchange for an exercise price that was estimated based on the date of the loan agreement. The number of shares to be issued to Mr. Lanphere as a Stock Fee under each Agreement was an estimate and varied based on the loan amount and 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 warrant, 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. The number of warrants outstanding to Mr. Lanphere at December 31, 2017 and December 31, 2016 were 36,997,231 and 6,070,284, respectively.

The total outstanding balance of all non-employee stock warrants in TransBioTec, Inc. is 16,120,611 and 39,159,476 at December 31, 2017 and 2016, respectively. The fair value of these options were determined using the Black-Scholes option pricing model based on the following assumptions:

Exercise price	\$0.0035-
	\$0.0190
Dividend yield	0%
Volatility	143%-167%
Risk-free Interest Rate	1.12%-2.16%
Expected life of options	5 Years

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The following table summarizes the changes in the Company's outstanding warrants during the year ended December 31, 2017

	Warrants Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2016	39,159,476	\$ 0.0035 - 0.0190	3.20 Years	\$ 0.0041	78,319
Warrants Granted	9,210,067	\$ 0.0044 - 0.0160	4.44 Years	\$ 0.0064	
Warrants Exercised	32,248,932	\$ 0.0035			
Warrants Expired	-	-			
Balance at December 31, 2017	<u>16,120,611</u>	\$ 0.0035 - 0.0190	4.06 Years	\$ 0.0066	(51,586)
Exercisable at December 31, 2016	39,159,476	\$ 0.0035 - \$0.0190	3.20 Years	\$ 0.0041	78,319
Exercisable at December 31, 2017	16,120,611	\$ 0.0035 - \$0.0190	4.06 Years	\$ 0.0066	(51,586)

As of December 31, 2017, there were four outstanding stock options to officers, directors, and consultants to purchase 2,225,000 shares of TransBiotech, Inc. common stock. Two of the outstanding options are dated October 1, 2014 at an option price on that day of \$0.0062, with option exercise prices of \$0.25 and \$0.068. The third outstanding option is dated October 27, 2014 at an option price on that day of \$0.0066 with an option exercise price of \$0.007, and the fourth outstanding option is dated August 15, 2016 at an option price on that day of \$0.0045 with an option exercise price of \$0.0045. Approximately, \$6,750 of account payable will be converted if the options are exercised. These stock options vested upon grant. The fair value of these options were determined to be \$10,377 using the Black-Sholes option pricing model based on the following assumptions and recorded to general and administrative expense as incurred:

Exercise price	\$ 0.0045 - \$0.025
Dividend yield	0%
Volatility	162%-175%
Risk-free Interest Rate	1.14%-1.55%
Expected life of options	5 Years

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**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
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The following table summarizes the changes in the Company's outstanding stock options during the year ended December 31, 2017

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2016	2,225,000	\$ 0.0045 - 0.0250	4.00 Years	\$ 0.0204	(31,818)
Options Granted	-	-			
Options Exercised	-	-			
Options Cancelled	-	-			
Options Expired	-	-			
Balance at December 31, 2017	<u>2,225,000</u>	\$ 0.0045 - 0.0250	3.00 Years	\$ 0.0204	(37,825)
Exercisable at December 31, 2016	2,225,000	\$ 0.0045 - \$0.0250	4.00 Years	\$ 0.0204	(31,818)
Exercisable at December 31, 2017	2,225,000	\$ 0.0045 - \$0.0250	3.00 Years	\$ 0.0204	(37,825)

Employee stock options

The Company had no outstanding employee stock options.

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**TransBiotec, Inc.**  
**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8. COMMON STOCK**

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.

On March 13, 2017, the Company converted \$112,871 of a related party note payable into 32,248,932 issued shares of its common stock at \$0.0035 per share.

On June 1, 2017, the Company issued for \$50,200 cash, 7,171,429 shares of its common stock, with a purchase price of \$0.0070 per share.

On December 31, 2017, the Company converted \$18,067 of a related party payable into 55,834 shares of its common stock with a purchase price of \$0.32 per share.

On December 31, 2017, the Company issued for \$10,000 cash, 31,250 shares of its common stock with a purchase price of \$0.32 per share.

On December 31, 2017, the Company converted \$193,627 of its account payable due to a related party into 2,151,417 issued shares of its common stock, with a purchase price of \$0.09 per share.

**NOTE 9. PREFERRED STOCK**

As of December 31, 2017, the Company issued 1,388,575 shares of their Series A Preferred Stock payable to two related parties. Shares of the Series A Preferred Stock are convertible at a 35% discount rate to the average closing price per share of the Company'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. However, no conversions of the Series A Preferred Stock to shares of 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.

**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, including CAM charges, was \$52,420 and \$52,420 for the years ended December 31, 2016 and December 31, 2017, respectively.

As of December 31, 2017, future minimum annual payments under operating lease agreements for years ending December 31 are as follows.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Total</u>
Operating leases	49,200	24,600	-	-	-	73,800
	<u>\$ 49,200</u>	<u>\$ 24,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,800</u>

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 \$11,164.00. 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 as of February 04, 2019.

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 ex-



employee for unpaid wages under these Orders and are working to get this amount paid off.

#### **NOTE 11. SUBSEQUENT EVENTS**

Effective on February 12, 2018, and with the approval of our Board of Directors, TransBiotech, Inc. dismissed Anton & Chia, LLP (“Anton”) as the Company’s independent registered public accounting firm engaged to audit the financial statements. Anton audited the Company’s financial statements, including the Company’s balance sheets as of December 31, 2016, 2015, 2014 and 2013 and our related statements of operations, changes in stockholders’ equity, and statements of cash flows for the period from December 31, 2013 through December 31, 2016. The audit report of Anton on the Company’s financial statements for the periods aforementioned above (the “Audit Period”) did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, but the reports of Anton, for the Audit Period contained an emphasis of a matter paragraph which indicated conditions existed which raised substantial doubt about our ability to continue as a going concern.

On October 29, 2018, TransBiotech, Inc. (“The Company” or “TransBiotech”) entered into a non-binding Letter of Intent (“LOI”) with First Capital Holdings, LLC (“FCH”). The LOI sets forth the terms under which The Company could potentially acquire certain assets related to robotics equipment from FCH in exchange for shares of our common stock equal to 60% of our then outstanding common stock on a fully-diluted basis. The LOI is non-binding and subject to various conditions that must be met in order for the parties to close the transaction, including, but not limited to, (i) TransBiotech being current in its reporting requirements under the Securities Exchange Act of 1934, as amended, (ii) TransBiotech completing a reverse stock split of its common stock such that approximately 8,000,000 shares will be outstanding immediately prior to closing the transaction with no convertible instruments other than as set forth herein, (iii) TransBiotech having no more than \$125,000 in outstanding debt, all in the form of convertible notes that mature in two years post-closing and are convertible into shares of TransBiotech common stock at \$2.00 per share; (iv) FCH completing any necessary audits and reviews of the financial statements related to the assets by a PCAOB-approved independent registered accounting firm, and (v) the parties executing definitive documents related to the potential transaction.

STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
TRANSBIOTEC, INC.

TRANSBIOTEC, INC. (the "Corporation") a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

**FIRST:** Pursuant to Unanimous Written Consent of the Board of Directors of the Corporation on March 10, 2017, the following amendment to the Certificate of Incorporation of the Corporation was approved:

Article "Fourth" of the Certificate of Incorporation is amended to read in its entirety as follows:

Section 1. The total number of shares of capital stock which the Corporation shall have authority to issue is Eight Hundred Million (800,000,000) shares of common stock having a par value of \$.00001 each, and Twenty Five Million (25,000,000) shares of preferred stock having a par value of \$.00001 each. All or any part of the capital stock may be issued by the Corporation from time to time and for such consideration and on such terms as may be determined and fixed by the Board of Directors, without action of the stockholders, as provided by law, unless the Board of Directors deems it advisable to obtain the advice of the stockholders. Said stock may be issued for money, property, services or other lawful considerations, and when issued shall be issued as fully paid and non-assessable. The private property of stock holders shall not be liable for Corporation debts.

Section 2. The preferences and relative participating optional or other special rights and qualifications, limitations or restrictions of the common stock of the Corporation are as follows:

(a) Dividends. Dividends may be paid upon the common stock, as and when declared by the Board of Directors, out of funds of the Corporation legally available therefor.

(b) Payment on Liquidation. Upon any liquidation, dissolution and termination of the Corporation, and after payment or setting aside of any amount sufficient to provide for payment in full of all debts and liabilities of, and other claims against the Corporation, the assets shall be distributed pro rata to the holders of the common stock.

(c) Voting Rights . At any meeting of the stockholders of the Corporation each holder of Common Stock shall be entitled to one vote for each share outstanding in the name of such holder on the books of the Corporation on the date fixed for determination of voting rights.

(d) Majority Vote. The stockholders, by vote or concurrence of a majority of the outstanding shares of the Corporation entitled to vote on the subject matter, may take any action which would otherwise require a two-thirds (2/3) vote under the General Corporation Law of the State of Delaware.

(e) Cumulative Voting. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

(f) Preemptive Rights. Unless otherwise determined by the Board of Directors, no stockholder of the Corporation shall have preemptive rights to subscribe for any additional shares of stock, or for other securities of any class, or for rights, warrants or options to purchase stock for the scrip, or for securities of any kind convertible into stock or carrying stock purchase warrants or privileges.

(g) Restrictions on Sale or Disposition. All lawful restrictions on the sale or other disposition of shares may be placed upon all or a portion or portions of the certificates evidencing the Corporation's shares.

Section 3. The preferred stock of the Corporation shall be issued in one or more series as may be determined from time to time by the Board of Directors. In establishing a series the Board of Directors shall give to it a distinctive designation so as to distinguish it from the shares of all other series and classes, shall fix the number of shares in such series, and the preferences, rights and restrictions thereof. All shares of any one series shall be alike in every particular. All series shall be alike except that there may be variation as to the following: (1) the rate of distribution, (2) the price at and the terms and conditions on which shares shall be redeemed, (3) the amount payable upon shares for distributions of any kind, (4) sinking fund provisions for the redemption of shares, and (5) the terms and conditions on which shares may be converted if the shares of any series are issued with the privilege of conversion, and (6) voting rights except as limited by law.”

**SECOND:** That the foregoing amendment has been consented to and authorized by the holders of a majority of the issued and outstanding stock of the Corporation entitled to vote by written consent in lieu of meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

**THIRD:** That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

**IN WITNESS WHEREOF**, said Corporation has caused this certificate to be signed this 24th day of May, 2017.

By:   
Ivan Braiker,  
Interim Chief Executive Officer

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

I, Charles Bennington, certify that:

I have reviewed this Annual Report on Form 10-K of TransBiotech, 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: February 4, 2019

/s/ Charles Bennington  
By: Charles Bennington  
Chief Executive Officer

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

I, Nick Noceti, certify that:

I have reviewed this Annual Report on Form 10-K of TransBiotech, 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: February 4, 2019

/s/ Nick Noceti  
By: Nick Noceti  
Interim Chief Financial Officer

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

In connection with the Annual Report of TransBiotech, Inc. (the "Company") on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Charles Bennington, 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: February 4, 2019

*/s/ Charles Bennington*  
\_\_\_\_\_  
By: Charles Bennington  
Its: Chief Executive Officer

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

**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 TransBiotech, Inc. (the "Company") on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Nick Noceti, 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: February 4, 2019

*/s/ Nick Noceti*  
\_\_\_\_\_  
By: Nick Noceti  
Its: Interim Chief Financial Officer

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