

IP TECHNOLOGY SERVICES, INC.

Form 10-K

January 13, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 10-K**

**X . ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the fiscal year ended September 30, 2011

**or**

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

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

**Commission file number 333-147839**

**IP TECHNOLOGY SERVICES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**26-0378308**

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

**1202 Lexington Ave., Suite 355, New York, NY**  
(Address of Principal Executive Offices)

**10028**  
(Zip Code)

**(646) 481-4524**  
(Registrant's telephone number, including area code)

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

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--------------------------------------------------|
| None                       | Not Applicable                                   |

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

**Common Stock, \$0.0001 par value**  
(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ . No ☐ .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) 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 the 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 ☐ (Do not check if a smaller reporting company) ☒

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

The aggregate market value of the common stock held by non-affiliates of the Company was \$35,561, based upon the price at which the Company's common stock, par value \$0.0001 was last sold. Shares of common stock held by each current executive officer and director and by each person who is known by the Company to own 5% or more of the outstanding common stock have been excluded from this computation in that such persons may be deemed to be affiliates of the Company. This determination of affiliate status is not a conclusive determination for other purposes.

The number of shares of common stock outstanding as of January 13, 2012 was 2,656,611.

#### DOCUMENTS INCORPORATED BY REFERENCE

None.

**IP TECHNOLOGY SERVICES, INC.**

**Annual Report on Form 10-K**

**September 30, 2011**

**TABLE OF CONTENTS**

|          |                                                                                                                    | <b><u>Page</u></b> |
|----------|--------------------------------------------------------------------------------------------------------------------|--------------------|
|          | <b>PART I</b>                                                                                                      |                    |
| Item 1.  | Business                                                                                                           | 4                  |
| Item 1A. | Risk Factors                                                                                                       | 7                  |
| Item 1B. | Unresolved Staff Comments                                                                                          | 14                 |
| Item 2.  | Properties                                                                                                         | 14                 |
| Item 3.  | Legal Proceedings                                                                                                  | 14                 |
| Item 4.  | [Removed and Reserved]                                                                                             |                    |
|          | <b>PART II</b>                                                                                                     |                    |
|          | Market for Registrant's Common Equity, Related<br>Stockholder Matters and Issuer Purchases of Equity<br>Securities | 15                 |
| Item 5.  |                                                                                                                    |                    |
| Item 6.  | Selected Financial Data                                                                                            | 15                 |
|          | Management's Discussion and Analysis of Financial<br>Condition and Results of Operations                           | 15                 |
| Item 7.  |                                                                                                                    |                    |
| Item 8.  | Financial Statements and Supplementary Data                                                                        | 16                 |
|          | Changes in and Disagreements With Accountants or<br>Accounting and Financial Disclosure                            | 16                 |
| Item 9.  |                                                                                                                    |                    |
| Item 9A. | Controls and Procedures                                                                                            | 16                 |
| Item 9B. | Other Information                                                                                                  | 17                 |
|          | <b>PART III</b>                                                                                                    |                    |
| Item 10. | Directors, Executive Officers and Corporate Governance                                                             | 18                 |
| Item 11. | Executive Compensation                                                                                             | 19                 |
|          | Security Ownership of Certain Beneficial Owners and<br>Management                                                  |                    |
| Item 12. |                                                                                                                    |                    |
|          | and Related Stockholder Matters                                                                                    | 20                 |
|          | Certain Relationships and Related Transactions, and<br>Director Independence                                       | 20                 |
| Item 13. |                                                                                                                    |                    |

|          |                                        |    |
|----------|----------------------------------------|----|
| Item 14. | Principal Accountant Fees and Services | 21 |
|----------|----------------------------------------|----|

**PART IV**

|          |                                            |    |
|----------|--------------------------------------------|----|
| Item 15. | Exhibits and Financial Statement Schedules | 22 |
|----------|--------------------------------------------|----|

|            |  |    |
|------------|--|----|
| Signatures |  | 22 |
|------------|--|----|

Index to Financial Statements

|                                                          |     |
|----------------------------------------------------------|-----|
| Reports of Independent Registered Public Accounting Firm | F-1 |
|----------------------------------------------------------|-----|

|                                                            |     |
|------------------------------------------------------------|-----|
| Consolidated Balance Sheets at September 30, 2011 and 2010 | F-3 |
|------------------------------------------------------------|-----|

|                                                                                                   |     |
|---------------------------------------------------------------------------------------------------|-----|
| Consolidated Statements of Operations for each of the two years ended September 30, 2011 and 2010 | F-4 |
|---------------------------------------------------------------------------------------------------|-----|

|                                                                                                   |     |
|---------------------------------------------------------------------------------------------------|-----|
| Consolidated Statements of Cash Flows for each of the two years ended September 30, 2011 and 2010 | F-5 |
|---------------------------------------------------------------------------------------------------|-----|

|                                                                                                                       |     |
|-----------------------------------------------------------------------------------------------------------------------|-----|
| Consolidated Statements of Stockholder's Equity (Deficit) for each of the two years ended September 30, 2011 and 2010 | F-6 |
|-----------------------------------------------------------------------------------------------------------------------|-----|

|                                            |     |
|--------------------------------------------|-----|
| Notes to Consolidated Financial Statements | F-7 |
|--------------------------------------------|-----|

## PART I

### Item 1.

#### *Business*

#### **Cautionary Statement Regarding Forward-Looking Statements**

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). All statements other than statements of historical facts included or incorporated by reference in this annual report on Form 10-K, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objective of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expects, intends, plans, projects, estimates, thereof or any variation there on or similar terminology or expressions. These forward-looking statements are based on beliefs of our management as well as current expectations, projections and information currently available to the Company and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated or implied by such forward-looking statements. Certain of these risks are described more fully under the caption **Risk Factors** herein. Should one or more of such risks or uncertainties materialize or should underlying expectations, projections or assumptions prove incorrect, actual results may differ materially from those described. Those events and uncertainties are difficult to predict accurately and many are beyond our control. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Except as required by law, we assume no duty to update or revise our forward-looking statements.

#### **General**

IP Technology Services, Inc. was incorporated under the laws of the State of Delaware on June 6, 2007. We currently have no employees other than our President who is also our only board member.

Patents and other intellectual property ( IP ) are a complex asset class that requires a unique combination of legal, technical, and business expertise to determine the value of and market for those assets. Often, patent holders do not have the resources, skills, or relationships with interested buyers required to successfully complete a patent transaction or otherwise monetize their inventions. The Company intends to provide a range of services to assist inventors, leverage their patents and related intellectual property ( Portfolio ) and formulate a strategy to maximize the revenue and profit generated by a Portfolio.

The services we provide typically include an initial analysis of a Portfolio to identify its strengths and weaknesses and make recommendations on how to improve the Portfolios revenue-generating potential. We may also perform one or more valuation techniques on the Portfolio in order to determine a value for the Portfolio. If we determine that a Portfolio has substantial economic value, we may then formulate a strategy for monetizing the Portfolio. One approach we may take is to offer all or part of the Portfolio for sale to potential strategic acquirers that we identify for auction on established IP auctions. In some instances, we may identify financial, manufacturing and distribution partners to assist our client in developing and commercializing the Portfolio. In yet other cases, we may establish a licensing program in which we identify infringers of the Portfolio and seek to generate licensing fees from such infringement. In certain situations, we will assist our client in selecting and managing a legal team that will use legal strategies for extracting a license fee from an infringer that is unwilling to license the Portfolio voluntarily.

Our clients will typically be individual inventors or small companies that we acquire through referrals, appearances at trade shows and via the Company's web site. The Company intends to generate revenues by receiving a portion of the economic value realized from client Portfolios.

We acquire client Portfolios through various means including through a network of attorneys, advertising and through our website at [www.iptechnologyservices.com](http://www.iptechnologyservices.com). Generally, we will enter into one or more agreements with our clients depending on the range of services to be provided. If a client is seeking to sell or license a Portfolio, we will typically enter into a Patent Broker Agreement ( "Broker Agreement" ) under which we earn a commission for finding a buyer and/or licensee of the Portfolio. Our commission rates are typically one-third (33.33%) of revenues generated through the sale/license of the Portfolio but in certain situations we may negotiate a different rate. Where a client is seeking funding for product development, we may also enter into a Patent Finance Agreement ( "Finance Agreement" ) under which we earn commission based on the amount of capital we assist in raising.

From inception up until September 30, 2011, we received more than more than one-hundred Portfolio submissions covering a broad range of technologies. As of September 30, 2009, we entered into agreements to represent in excess of ten Portfolios, and brokered the sale of three Portfolios for a gross revenue of \$210,000. For each Portfolio we represent, we analyze the Portfolio, identify relevant markets and/or identify potential acquirers, licensees and/or investors for the Portfolio. On March 3, 2009, the Company, through its subsidiary Mural Comm LLC, purchased from BancTec, Inc. for \$90,000 U.S. Patent No. 6,341,351 titled Method for Communication and Controlling Transactions Between Unsecured Parties (the "Patent" ). After several attempts at licensing the Patent, on December 15, 2010, the Company sold the Patent for \$60,000.

Our offices are currently located at 1202 Lexington Ave., Suite 355, New York, NY 10028. Our telephone number is (646) 481-4524.



## **Overview**

Patents and other intellectual property ( IP ) are a complex asset class that requires a unique combination of legal, technical, and business expertise to determine the value of and market for those assets. Often, patent holders do not have the resources, skills, or relationships with interested buyers required to successfully complete a patent transaction or otherwise monetize their inventions. The Company intends to provide a range of services to assist inventors, leverage their Portfolios and formulate a strategy to maximize the revenue and profit generated by a Portfolio.

## **Our Strategy**

Our primary objective is to grow our business by providing services to individual inventors and small companies who have limited resources and/or expertise and assist them in generating revenues through the sale, license and/or commercialization of their Portfolios. The Company receives a portion of the economic benefit realized from each Portfolio it represents.

## **Services**

The Company intends to provide a variety of services to inventors and patent holders to help them maximize the value of their intellectual property. These services include analyzing a client's Portfolio to identify any weaknesses and ways that the Portfolio can be strengthened. Services will be performed either on a contingency basis or on a fee-for-service basis. Where appropriate, we perform a valuation analysis on the Portfolio and also identify the market in which the Portfolio will have the greatest value.

We will attempt to monetize a Portfolio using various strategies depending on the portfolio. For some Portfolios, we may identify and contact strategic players that may be interested in licensing the Portfolio or purchasing it outright. In some instances, we may seek an investor to finance the development and commercialization of the intellectual property. Alternatively, we may establish an outbound licensing program in which we seek royalties from companies that we determine are infringing a Portfolio. We typically take a percentage of any royalties or licensing fees generated by the Portfolio.

## **Portfolio Analysis**

Patents are a unique asset class in that subtleties in the language of a patent, recorded interactions with the patent office, prior art and changes in the law all can affect a patent's strength and ultimate monetary value. Therefore, prior to creating a program to commercialize a Portfolio, we first analyze the patent(s) contained in the Portfolio to determine any potential weaknesses that may be an obstacle to commercialization and to determine ways that the Portfolio can be strengthened. As a result of this initial analysis, we will determine the best course of action for leveraging a Portfolio. In some cases, we may recommend that additional and/or corrective patent filings be done in order to improve the Portfolio. In yet other cases, we may recommend that the client develop a working prototype or additional know-how that would likely increase the Portfolio's value. In yet other cases, we may conclude that the Portfolio has little commercial value in the market at that time and recommend delaying commercialization efforts.

## **Valuation Analysis**

We may seek to determine the value of a patent to aid in formulating a commercialization strategy. Patent valuation requires legal, technical and business expertise in order to reach a meaningful valuation result. A patent's value is based on a number of factors including the breadth of the patent claims, how widely the patent is being used now or will potentially be used in the future, the ability to enforce the patent, and amount of revenue impacted by such enforcement. There are a number of factors that can decrease a patent's value including whether the patent is encumbered by licenses or liens, the existence of relevant prior art or other problems that may have occurred during the procurement of the patent. An understanding of these factors from a legal, technical and business perspective will help clarify actual market value of the patent.

To value a patent, we prepare a discounted cash flow analysis and estimate royalty rates that a patent may generate to calculate the upper value of a patent. We then use qualitative variables to discount this upper value to yield an expected value that can be realistically obtained for the patent. This expected value provides a foundation for our commercialization efforts. Alternatively, we may use other valuation techniques including comparable analysis, cost to recreate analysis or the profit split method.

## **Monetization Strategies**

After the Portfolio is evaluated and any identified measures were taken to enhance the Portfolio, we formulate a monetization strategy that is customized for each particular Portfolio. We seek to generate economic value for our clients primarily in one of three ways: by brokering a sale of the Portfolio to a strategic buyer, by raising capital for further development and commercialization of the intellectual property or generating royalties via an outbound license program. In each instance, the Company earns a fee that is generally based on a percentage of the economic value realized from the Portfolio.



## **Strategic Sales**

We canvas the relevant markets to identify potential acquirers for our clients' Portfolios. Once we compile a list of potential acquirers, we analyze each one to determine how best to present the Portfolio based on their needs and other factors. After making an initial presentation of a Portfolio, we maintain ongoing contact with the potential acquirer and provide additional information they may need to make an informed decision. We also assist the client in pricing and negotiations that may conclude in a sale of all or part of the Portfolio.

## **Commercial Development**

Sometimes a client wishes to control how their Portfolio is brought to market but does not have the financial, manufacturing or distribution resources to do so. In such cases, we assist our clients by identifying financing and partnership opportunities and providing general business development expertise to help such clients realize the full economic potential of their Portfolio.

## **Outbound Licensing Program**

In an outbound licensing program, we identify infringers of a client's Portfolio and seek to generate licensing fees from such infringement. A variety of factors are taken into consideration when selecting a licensing target, including the size of the target, the nature of the infringing activity, the level of infringement, whether the infringing activity is essential to the target's business and whether the target generates revenues from the infringing activity.

We craft a licensing fee schedule in an effort to maximize a Portfolio's profitability. Factors considered in developing a licensing fee schedule include the total number of infringers that are identified, the number of patents in the Portfolio and the value of the infringing activity to the target's business. We design a licensing fee schedule to also increase the likelihood that a target will agree to license a Portfolio without engaging in costly litigation.

In some instances, a target will not agree to license a Portfolio and chooses to litigate. In those cases, we will assist our client with the selection and management of a legal team that will handle the litigation.

## **Client Base**

The Company's clients will primarily be individual inventors and small companies who have limited resources and/or expertise to effectively leverage their Portfolios. We acquire clients through various sources including referrals from patent attorneys, appearances at trade shows and via the Company's web site.

## **Competition**

The Company expects to encounter competition in the area of client acquisition as the number of companies entering this market is increasing. Companies such as British Technology Group, Rembrandt Management Group, Intellectual Ventures LLC and Acacia Technologies Group are already in the business of acquiring the rights to patents for the purpose of enforcement and we expect more companies to enter the market. We also compete with venture capital firms and various industry leaders that may have more financial and human resources than we do.

We do not have sufficient capital to operate our business and will require additional funding to sustain operations through the next twelve months. There is no assurance that we will have revenue in the future or that we will be able to secure the necessary funding to develop our business.

## **Government Regulation**

In general, our consulting activities are not subject to licensing or other regulatory requirements. We are subject to federal, state and local laws and regulations applicable to businesses, such as payroll taxes on the state and federal levels. We believe that we are in conformity and will remain in conformity with all applicable laws in all relevant jurisdictions.

## **Employees**

We have no full time employees at this time. All functions including development, strategy, negotiations and clerical are currently being provided by Neil Rock, our President, at no salary.

## Item 1A.

### Risk Factors

You should carefully consider the following risk factors that affect our business. Such risk factors could cause our actual results to differ materially from those that are expressed or implied by forward-looking statements contained herein. Some of the risks described relate principally to our business and the industry in which we operate. Others relate principally to the securities market and ownership of our capital stock. The risks and uncertainties described below are not the only ones we face. Additional risks are described elsewhere in this report under the Item 1 Business, Item 3 Legal Proceedings, and Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operation sections, among others. Other risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks, and the trading price of our common stock could decline. The discussion of our risk factors should be read in conjunction with the financial statements and notes thereto included herein.

#### Risk Factors Relating to Our Business

***The Company depends upon relationships with others to acquire technology opportunities that can develop into revenues and, if it is unable to maintain and generate new relationships, then the Company's revenue may not increase and may decline.***

The Company does not invent new technologies or products; it depends on acquiring exclusive relationships with new patents and inventions through its relationships with inventors, universities, research institutions, and others. If the Company is unable to maintain those relationships and continue to grow new relationships, then it may not be able to identify new technology-based opportunities for growth and sustainable revenue. Further, because we rely upon acquiring technology developed others, we cannot be certain that we will be able to obtain the volume and quality of available new portfolios necessary to increase our growth. If we are unable to obtain the necessary volume and quality of new technologies, then we may need to reduce operations or revise our business model.

***We may not be successful in identifying market needs for new technologies and developing new products to meet those needs.***

The success of our business model depends on our ability to identify correctly market needs for new technologies. We intend to identify new market needs, but we may not always have success in doing so. Furthermore, we must identify the most promising technologies from a sizable pool of projects. If our commercialization strategy process fails to identify projects with commercial potential or if management does not ensure that such projects advance to the

commercialization stage, we may not successfully commercialize new products and grow our revenues.

Our growth strategy requires that we not only identify new technologies that meet market needs, but that we also develop successful commercial products that address those needs. We face several challenges in developing successful new products. We expect that one or more of the potential products we choose to commercialize will not be technologically feasible or will not achieve commercial acceptance, and we cannot predict which, if any, of our portfolios we will successfully develop or commercialize. The technologies we research and develop are new and steadily changing and advancing. The products that are derived from these technologies may not be applicable or compatible with the state of technology or demands in existing markets. Our existing portfolios may become uncompetitive or obsolete if our competitors adapt more quickly than we do to new technologies and changes in customers' requirements. Furthermore, we may not be able to identify if and when new markets will open for portfolios given that future applications of any given product may not be readily determinable, and we cannot reasonably estimate the size of any markets that may develop. If we are not able to successfully develop new products, we may be unable to increase our product revenues.

***Competition is intense in the industries in which we do business and, we may not be able to grow or maintain our market share for our technologies and patents.***

We expect to encounter competition in the area of patent licensing, sales and enforcement as the number of companies entering this market is increasing. This includes competitors seeking to represent or acquire the same or similar patents and technologies that we may seek to represent. Companies such as British Technology Group, Rembrandt Management Group, Intellectual Ventures LLC and Acacia Technologies Group are already in the business of acquiring the rights to patents for the purpose of enforcement, and we expect more companies to enter the market. As new technological advances occur, many of our patented technologies may become obsolete before they are completely monetized. If we are unable to replace obsolete Portfolios with more technologically advanced patented technologies, then this obsolescence could have a negative effect on our ability to generate future revenues.

We also compete with venture capital firms and various industry leaders for technology licensing opportunities. Many of these competitors may have more financial and human resources than we do. As we become more successful, we may find more companies entering the market for similar technology opportunities, which may reduce our market share in one or more technology industries that we currently rely upon to generate future revenue.

***Our quarterly operating results may fluctuate and cause our stock price to decline.***

Because of the nature of our business, our quarterly revenues and operating results could fluctuate significantly from quarter to quarter in the future which could cause the market price of our common stock to decline. The following are among the factors that could cause the Company's operating results to fluctuate significantly from period to period:

.

the performance of our third-party licensees;

.

costs related to acquisitions, alliances, licenses and other efforts to expand our operations;

.

the timing of payments under the terms of any customer or license agreements into which the Company may enter;

.

expenses related to patent filings and other enforcement proceedings relating to Portfolios we represent; and

.

general and economic market conditions.

***New legislation, regulations or rules related to obtaining patents or enforcing patents could significantly increase our Company's operating costs and decrease its revenue.***

Our Company will derive revenues from the sale, licensing and enforcing of IP contained in our Portfolios. If new legislation, regulations or rules are implemented either by Congress, the United States Patent and Trademark Office, or the courts that impact the patent application process, the patent enforcement process or the rights of patent holders, these changes could negatively affect our expenses and revenue. For example, new rules regarding the burden of proof in patent enforcement actions could significantly increase the cost of our enforcement actions, new standards or limitations on liability for patent infringement could negatively impact our revenue derived from such enforcement actions and changes in the law regarding the enforceability of patents could decrease the revenues we derive from the sale of patents to third-parties. Although we cannot predict if or how any future legislation or court decisions would impact our business, any future changes in the law could limit our ability to collect on our Portfolios which could reduce our profitability and harm our business.

***Trial judges and juries often find it difficult to understand complex patent enforcement litigation, and as a result, we may need to appeal adverse decisions by lower courts in order to successfully enforce our patents.***

It is difficult to predict the outcome of patent enforcement litigation at the trial level. It is often difficult for juries and trial judges to understand complex, patented technologies, and as a result, there is a higher rate of successful appeals in patent enforcement litigation than more standard business litigation. Such appeals are expensive and time consuming, resulting in increased costs and delayed revenue. Although we will diligently pursue enforcement litigation, we cannot predict with significant reliability the decisions made by juries and trial courts.

***More patent applications are filed each year resulting in longer delays in getting patents issued by the United States Patent and Trademark Office.***

Our Portfolios may also include pending patents that our clients seek to monetize. We have identified a trend of increasing patent applications each year, which we believe is resulting in longer delays in obtaining approval of pending patent applications. The delays could cause delays in recognizing revenue from these patents and could cause us to miss opportunities to license patents before other competing technologies are developed or introduced into the market.

***Federal court dockets are becoming more crowded, and as a result, patent enforcement litigation is taking longer.***

Patent enforcement actions will almost exclusively be prosecuted in federal court. Federal trial courts that hear patent enforcement actions also hear criminal cases. Criminal cases always take priority over patent actions. As a result, it is difficult to predict the length of time it will take to complete an enforcement action. Moreover, we believe there is a trend in increasing numbers of civil lawsuits and criminal proceedings before federal judges, and as a result, we believe that the risk of delays in our patent enforcement actions will have a greater affect on our business in the future unless this trend changes.

***Any reductions in the funding of the United States Patent and Trademark Office could have an adverse impact on the cost of processing pending patent applications and the value of those pending patent applications.***

The Portfolios from which the Company derives revenues consists of issued patents as well as pending patent applications before the U.S. Patent and Trademark Office (USPTO). The value of our patent portfolios is dependent upon the issuance of patents in a timely manner, and any reductions in the funding of the USPTO could negatively impact the value of our assets.



***The patented technologies we represent face uncertain market value.***

We represent patents and technologies that are at early stages of adoption in the commercial and consumer markets. Demand for some of these technologies is untested and is subject to fluctuation based upon the rate at which our licensees will adopt our patents and technologies in their products and services. Accordingly, the market value of the patented technologies we represent and the revenues we may derive from such patented technologies is uncertain.

***As patent licensing campaigns become more prevalent, it may become more difficult for us to voluntarily license our patents.***

As patent licensing campaigns become more prevalent, companies may resist licensing our patents voluntarily in order to deter additional patent license requests from us or from others. As a result, we may need to increase the number of our patent enforcement actions to cause infringing companies to license the patent or pay damages for lost royalties. This may increase the risks associated with an investment in our Company.

***The success of the Company depends, in part, on our ability to retain the best legal counsel to represent our Portfolios in patent enforcement actions.***

The success of IP Technology Services, Inc. depends upon our ability to retain the best legal counsel to prosecute patent infringement litigation. As our patent enforcement actions increase, it will become more difficult to find the best legal counsel to handle all of our cases because many law firms may have a conflict of interest that prevents its representation of our company.

***The Company may rely on representations and opinions made by third parties that, if determined to be false or inaccurate, may expose the Company to certain liabilities that could be material.***

From time to time, the Company may rely upon representations made by third parties from whom the Company acquires the exclusive rights to license, sell and enforce patents. We also may rely upon the opinions of purported experts. In certain instances, we may not have the opportunity to independently investigate and verify the facts upon which such representations and opinions are made. By relying on these representations and opinions, the Company may be exposed to liabilities in connection with the licensing, sale and enforcement of certain patents and patent rights. It is difficult to predict the extent and nature of such liabilities which, in some instances, may be material.

***We may not be able to raise sufficient capital or generate adequate revenue to meet our obligations and fund our operating expenses.***

Failure to raise adequate capital and generate adequate revenues to acquire exclusive relationships with new patents and inventions and sustain our operations could result in our having to curtail or cease operations. Additionally, even if we do raise sufficient capital and generate revenues to support our operating expenses, there can be no assurances that the revenue will be sufficient to enable us to develop business to a level where it will generate profits and cash flows from operations.

### ***Going Concern***

The report of the Company's independent registered public accounting firm on the Company's financial statements for the fiscal years ended September 30, 2010 and 2009 contains an explanatory paragraph regarding the Company's ability to continue as a going concern based upon the Company's history of net losses since its inception.

During fiscal 2010, we did not earn revenues from our business operations. Accordingly, we may be required to raise cash from sources other than our operations in order to continue our business plan. We may raise this additional capital either through debt or equity. No assurance can be given that such efforts will be successful. We have no specific plans at present for raising additional capital.

***If we are unable to obtain additional funding, our business operations will be harmed. Even if we do obtain additional financing, our then existing shareholders may suffer substantial dilution.***

We may require additional funds to operate our business. It is possible that additional capital will be required to effectively support the operations and to otherwise implement our overall business strategy. The inability to raise the required capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain necessary financing, we will likely be required to curtail our business plans which could cause the Company to become dormant. We currently do not have any arrangements or agreements to raise additional capital. Any additional equity financing may involve substantial dilution to our then existing shareholders.

***Because we do not have an audit or compensation committee, shareholders will have to rely on our President, who is not independent, to perform these functions.***

We do not have an audit or compensation committee comprised of independent directors. Indeed, we do not have any audit or compensation committee. These functions are performed by our President. Thus, there is a potential conflict of interest in that our president has the authority to determine issues concerning management compensation and audit issues that may affect management decisions.

***Shareholders may be diluted significantly through our efforts to obtain financing and satisfy obligations through issuance of additional shares of our common stock.***

We have no committed source of financing. Wherever possible, our board of directors will attempt to use non-cash consideration to satisfy obligations. In many instances, we believe that the non-cash consideration will consist of shares of our stock. Our board of directors has authority, without action or vote of the shareholders, to issue all or part of the authorized (99,000,000) but unissued (96,500,000) common shares. In addition, if a trading market develops for our common stock, we may attempt to raise capital by selling shares of our common stock, possibly at a discount to market. These actions will result in dilution of the ownership interests of existing shareholders, may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management's ability to maintain control of the Company because the shares may be issued to parties or entities committed to supporting existing management.

***The Company is and will continue to be completely dependent on the services of its president Neil Rock, the loss of whose services may cause our business operations to cease, and we will need to engage and retain qualified employees and consultants to further implement our strategy.***

The Company's operations and business strategy are completely dependent upon Neil Rock, our President. He is under no contractual obligation to remain employed by us. If he should choose to leave us for any reason before we have hired additional personnel, our operations may fail. Even if we are able to find additional personnel, it is uncertain whether we could find someone who could develop our business along the lines described herein. We will fail without Mr. Rock or an appropriate replacement(s). We intend to acquire key-man life insurance on the life of Mr. Rock naming us as the beneficiary when and if we obtain the resources to do so and Mr. Rock remains insurable. We have not yet procured such insurance, and there is no guarantee that we will be able to obtain such insurance in the future. Accordingly, it is important that we are able to attract, motivate and retain highly qualified and talented personnel and independent contractors.

***Our articles of incorporation provide for indemnification of officers and directors at our expense and limit their liability which may result in a major cost to us and hurt the interests of our shareholders because corporate***

*resources may be expended for the benefit of officers and/or directors.*

Our articles of incorporation and applicable Delaware law provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. We will also bear the expenses of such litigation for any of our directors, officers, employees, or agents, upon such person's promise to repay us. Therefore if it is ultimately determined that any such person shall not have been entitled to indemnification, this indemnification policy could result in substantial expenditures by us which we will be unable to recoup.

*Our board of directors has the authority, without stockholder approval, to issue preferred stock with terms that may not be beneficial to common stockholders and with the ability to affect adversely stockholder voting power and perpetuate their control over the Company.*

Our certificate of incorporation authorizes the issuance of up to 1,000,000 shares of preferred stock, par value \$.0001 per share.

The specific terms of the preferred stock have not been determined, including:

- .  
designations;
- .  
preferences;
- .  
conversions rights;
- .  
cumulative, relative;
- .  
participating; and
- .  
optional or other rights, including:
  - o  
voting rights;
  - o  
qualifications;

o

limitations; or

o

restrictions of the preferred stock.

Our board of directors is entitled to authorize the issuance of up to 1,000,000 shares of preferred stock in one or more series with such limitations and restrictions as may be determined in its sole discretion, with no further authorization by security holders required for the issuance thereof.

The issuance of preferred stock could adversely affect the voting power and other rights of the holders of common stock. Preferred stock may be issued quickly with terms calculated to discourage, make more difficult, delay or prevent a change in control of the Company or make removal of management more difficult. As a result, the board of directors' ability to issue preferred stock may discourage the potential hostility of an acquirer, possibly resulting in beneficial negotiations. Negotiating with an unfriendly acquirer may result in, among other things, terms more favorable to us and our stockholders. Conversely, the issuance of preferred stock may adversely affect any market price of, and the voting and other rights of the holders of the common stock. We presently have no plans to issue any preferred stock.

***The ability of our sole officer to control our business may limit or eliminate minority shareholders' ability to influence corporate affairs.***

Our sole officer beneficially owns approximately [89%] of our outstanding common stock. Because of this beneficial stock ownership, he will be in a position to continue to elect our board of directors, decide all matters requiring stockholder approval and determine our policies. His interests may differ from the interests of other shareholders with respect to the issuance of shares, business transactions with or sales to other companies, selection of officers and directors and other business decisions. The minority shareholders would have no way of overriding his decisions. This level of control may also have an adverse impact on the market value of our shares because he may institute or undertake transactions, policies or programs that result in losses, may not take any steps to increase our visibility in the financial community and / or may sell sufficient numbers of shares to significantly decrease our price per share.

***We do not expect to pay dividends in the foreseeable future.***

We have never paid cash dividends on our common stock. We do not expect to pay cash dividends on our common stock at any time in the foreseeable future. The future payment of dividends directly depends upon our future earnings, capital requirements, financial requirements and other factors that our board of directors will consider. Since we do not anticipate paying cash dividends on our common stock, return on your investment, if any, will depend

solely on an increase, if any, in the market value of our common stock.

*We may be exposed to potential risks resulting from new requirements under Section 404 of the Sarbanes-Oxley Act of 2002.*

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, to include in our annual report our assessment of the effectiveness of our internal control over financial reporting. We do not have a sufficient number of employees to segregate responsibilities and may be unable to afford increasing our staff or engaging outside consultants or professionals to overcome our lack of employees.

***Because we are not subject to compliance with rules requiring the adoption of certain corporate governance measures, our stockholders have limited protections against interested director transactions, conflicts of interest and similar matters.***

The Sarbanes-Oxley Act of 2002, as well as rule changes proposed and enacted by the SEC, the New York and American Stock Exchanges and the Nasdaq Stock Market, as a result of Sarbanes-Oxley, require the implementation of various measures relating to corporate governance. These measures are designed to enhance the integrity of corporate management and the securities markets and apply to securities which are listed on those exchanges or the Nasdaq Stock Market. Because we are not presently required to comply with many of the corporate governance provisions and because we chose to avoid incurring the substantial additional costs associated with such compliance any sooner than necessary, we have not yet adopted these measures.

Because our sole director is not independent, we do not currently have independent audit or compensation committees. As a result, the director has the ability, among other things, to determine his own level of compensation. Until we comply with such corporate governance measures, regardless of whether such compliance is required, the absence of such standards of corporate governance may leave our stockholders without protections against interested director transactions, conflicts of interest and similar matters and investors may be reluctant to provide us with funds necessary to expand our operations.

***As a public company, we are required to incur substantial expenses.***

We are subject to the periodic reporting requirements of the Exchange Act, which requires, among other things, review, audit, and public reporting of our financial results, business activities, and other matters. SEC regulations, including regulation enacted as a result of the Sarbanes-Oxley Act of 2002, have also substantially increased the accounting, legal, and other costs related to compliance with an SEC reporting obligations. If we do not have current information about our Company available to market makers, they will not be able to trade our stock. The public company costs of preparing and filing annual and quarterly reports, and other information with the SEC will cause our expenses to be higher than they would be if we were privately-held. These increased costs may be material and may include the hiring of additional employees and/or the retention of additional advisors and professionals. Our failure to comply with the federal securities laws could result in private or governmental legal action against us and/or our officers and directors, which could have a detrimental effect on our business and finances, the value of our stock, and the ability of stockholders to resell their stock.

## **Risks Factors Relating To Our Common Shares**

***We may, in the future, issue additional common shares, which would reduce investors' percent of ownership and may dilute our share value.***

Our Certificate of Incorporation authorizes the issuance of 99,000,000 shares of common stock, of which [2,575,000] shares are issued and outstanding, and 1,000,000 shares of preferred stock, of which no shares are issued and outstanding. The future issuance of common stock may result in substantial dilution in the percentage of our common stock held by our then existing shareholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

***Our common shares are subject to the "Penny Stock" Rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.***

The Securities and Exchange Commission has adopted Rule 15c-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

.

that a broker or dealer approve a person's account for transactions in penny stocks; and

.

the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

.

obtain financial information and investment experience objectives of the person; and

.

make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.



The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

.

sets forth the basis on which the broker or dealer made the suitability determination; and

.

that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our Common shares and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

***Currently, there is no public market for our securities, and there can be no assurances that any public market will ever develop or that our common stock will be quoted for trading and, even if quoted, it is likely to be subject to significant price fluctuations.***

There has not been any established trading market for our common stock, and there is currently no public market whatsoever for our securities. There can be no assurances as to whether, subsequent to registration with the SEC:

.

any market for our shares will develop;

.

the prices at which our common stock will trade; or

.

the extent to which investor interest in us will lead to the development of an active, liquid trading market. Active trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors.

In addition, our common stock is unlikely to be followed by any market analysts, and there may be few institutions acting as market makers for our common stock. Either of these factors could adversely affect the liquidity and trading price of our common stock. Until our common stock is fully distributed and an orderly market develops in our common stock, if ever, the price at which it trades is likely to fluctuate significantly. Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market for shares of our common stock, developments affecting our business, including the impact of the factors referred to elsewhere in these Risk Factors, investor perception of the Company and general economic and market conditions. No assurances can be given that an orderly or liquid market will ever develop for the shares of our common stock.

***If a market develops for our shares, sales of our shares relying upon Rule 144 may depress prices in that market by a material amount.***

The majority of the outstanding shares of our common stock held by present stockholders are "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as amended.

As restricted shares, these shares may be resold only pursuant to an effective registration statement, or under the requirements of Rule 144 or other applicable exemptions from registration under the Act and as required under applicable state securities laws. Effective February 15, 2008, the Securities and Exchange Commission adopted changes to Rule 144, which shorten the holding period for sales by non-affiliates to six months (subject to extension under certain circumstances) and remove the volume limitations for such persons. Rule 144 provides in essence that a person who has held restricted securities for a prescribed period may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed 1.0% of a company's outstanding common stock. The alternative average weekly trading volume during the four calendar weeks prior to the sale is not available to our shareholders being that the OTCBB is not an "automated quotation system" and, accordingly, market based volume limitations are not available for securities quoted only over the OTCBB.

As a result of the revisions to Rule 144 discussed above, there is no limit on the amount of restricted securities that may be sold by a non-affiliate (i.e., a stockholder who has not been an officer, director or control person for at least 90 consecutive days) after the restricted securities have been held by the owner for a period of one year,. A sale under Rule 144 or under any other exemption from the Act, if available, or pursuant to registration of shares of common stock of present stockholders, may have a depressive effect upon the price of the common stock in any market that may develop.



***The market for penny stocks has experienced numerous frauds and abuses which could adversely impact investors in our stock.***

We believe that the market for penny stocks has suffered from patterns of fraud and abuse. Such patterns include:

.

Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;

.

Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;

.

"Boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;

.

Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and

.

The wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

***State securities laws may limit secondary trading, which may restrict the states in which and conditions under which you can sell shares.***

Secondary trading in the Company's common stock will not be possible in any state until the common stock is qualified for sale under the applicable securities laws of the state or there is confirmation that an exemption, such as listing in certain recognized securities manuals, is available for secondary trading in the state. If we fail to register or qualify, or to obtain or verify an exemption for the secondary trading of, the common stock in any particular state, the common stock could not be offered or sold to, or purchased by, a resident of that state. In the event that a significant number of states refuse to permit secondary trading in our common stock, the liquidity for the common stock could be significantly impacted thus causing you to realize a loss on your investment.

***Because we do not intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them.***

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless the value of such shares appreciates and they sell them. There is no assurance that stockholders will be able to sell shares when desired.

***We may issue shares of preferred stock in the future that may adversely impact the rights of holders of our common stock.***

Our Certificate of Incorporation authorizes us to issue up to 1,000,000 shares of "blank check" preferred stock. Accordingly, our board of directors will have the authority to fix and determine the relative rights and preferences of preferred shares, as well as the authority to issue such shares, without further stockholder approval. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders preferred rights to our assets upon liquidation, the right to receive dividends before dividends are declared to holders of our common stock, and the right to the redemption of such preferred shares, together with a premium, prior to the redemption of the common stock. To the extent that we do issue such additional shares of preferred stock, your rights as holders of common stock could be impaired thereby, including, without limitation, dilution of your ownership interests in us. In addition, shares of preferred stock could be issued with terms calculated to delay or prevent a change in control or make removal of management more difficult, which may not be in your interest as holders of common stock.

## **Item 2.**

### ***Properties***

The Company's offices are located at 1202 Lexington Avenue, Suite 35, New York, New York 10028. We consider our facilities to be well utilized, well maintained, and in good operating condition. Further, we consider the facilities to be suitable for their intended purposes and to have capacities adequate to meet current and projected needs for our operations.

## **Item 3.**

### ***Legal Proceedings***

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

**Item 4.**

**Removed and Reserved.**

## 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 quoted on the Over-the-Counter Bulletin Board (the "OTCBB") under the symbol "IPSV.OB". As of January 13, 2012, no public market in IP Technology Services, Inc.'s common stock has yet developed and there can be no assurance that a meaningful trading market will subsequently develop. IP Technology Services, Inc. makes no representation about the value of its common stock.

##### **Holders**

As of January 13, 2012, we had approximately 12 record holders of shares of our common stock.

##### **Dividends**

We have not declared or paid dividends on our Common Stock since our formation, and we do not anticipate paying dividends in the foreseeable future. Declaration or payment of dividends, if any, in the future, will be at the discretion of our Board of Directors and will depend on our then current financial condition, results of operations, capital requirements and other factors deemed relevant by the board of directors. There are no contractual restrictions on our ability to declare or pay dividends.

##### **Stock Transfer Agent**

Our stock transfer agent is Action Stock Transfer Corp., 2469 E. Fort Union Blvd., Suite 214, Salt Lake City, UT 84121 and its telephone number is (801) 274-1088.

## Recent Sales of Unregistered Securities

During the quarter ended December 31, 2011, we issued 75,000 shares of restricted common stock to a limited number of accredited investors in consideration of gross cash proceeds of \$7,500.

On January 6, 2012, we issued 98,611 shares of restricted common stock to a limited number of accredited investors in consideration of gross cash proceeds of \$9,861.

We issued the foregoing securities in reliance on the safe harbor and exemptions from registration provided under Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended, and Regulation S for sales to foreign persons, to a limited number of accredited investors, employees, service providers, or creditors with whom we had prior relationships, without engaging in any general solicitation, and without payment of underwriter discounts or commissions to any person.

## Item 7.

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

#### Forward-Looking Statements

The statements contained in all parts of this document that are not historical facts are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those relating to the following: the Company's ability to secure necessary financing; plans for opening one or more restaurant units (including the scope, timing, impact and effects thereof); expected growth; future operating expenses; future margins; fluctuations in interest rates; ability to continue to grow and implement growth, and regarding future growth, cash needs, operations, business plans and financial results and any other statements that are not historical facts.

When used in this document, the words "anticipate," "estimate," "expect," "may," "plans," "project," and similar expressions are intended to be among the statements that identify forward-looking statements. Actual results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to costs, delays and difficulties related to the Company's dependence on its ability to attract and retain skilled managers and other personnel; competition within the industry in which the Company operates; the uncertainty of the Company's ability to manage and continue its growth and implement its business strategy; its vulnerability to general economic conditions; accuracy of accounting and other estimates; the Company's future financial and operating results, cash needs and demand for its services; and the Company's ability to maintain and comply with permits and licenses; as well as other risk factors described in this

Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those projected.

### Plan of Operation

For the year ended September 30, 2011, the Company had no revenues and the Company had a net loss before taxes of \$23,373.

On March 3, 2009, the Company, through its subsidiary Mural Comm LLC, purchased from BancTec, Inc. for \$90,000 U.S. Patent No. 6,341,351 titled Method for Communication and Controlling Transactions Between Unsecured Parties (the *Patent* ). After several attempts at licensing the Patent, on December 15, 2010, the Company sold the Patent for \$60,000.

In addition, we continue to look for commercially viable Portfolios to represent. To that end, we will continue to work with our industry contacts, advertise and use our website at [www.iptechnologyservices.com](http://www.iptechnologyservices.com) to identify additional Portfolios. For each such Portfolio, we analyze the Portfolio, identify relevant markets and/or identify potential acquirers, licensees and/or investors for the Portfolio. In addition, we developed a proprietary software program that we believe will assist us in identifying patent portfolios that have substantial commercial value. We cannot guarantee, however, that we will find additional suitable Portfolios for which will be successful in completing a revenue generating transaction.

Generally, we will enter into one or more agreements with our clients depending on the range of services to be provided. If a client is seeking to sell or license a Portfolio, we will typically enter into a Patent Broker Agreement ( *Broker Agreement* ) under which we earn a commission for finding a buyer and/or licensee of the Portfolio. Our commission rates are typically one-third (33.33%) of revenues generated through the sale/license of the Portfolio but in certain situations we may negotiate a different rate. Where a client is seeking funding for product development, we may enter into a Patent Finance Agreement ( *Finance Agreement* ) under which we earn commission based on the amount of capital we assist in raising. In certain situations, we may consider purchasing all or part of a Portfolio and develop a licensing campaign for the Portfolio to generate revenues for the Company.

### Liquidity and Capital Resources

As of September 30, 2011, the Company had \$2,845 in cash. The Company's current cash position may not be sufficient to fund operations over the next twelve months including general overhead expenses such as salaries, corporate legal and accounting fees, office overhead and general working capital. In the event the Company may require additional cash to fund operations or purchase a Portfolio, we may have to borrow money from shareholders or issue debt or equity or enter into a strategic arrangement with a third party. Our officer will fund any expenses which arise until such time as the Company raises sufficient funds. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements

**Item 8.**

***Financial Statements and Supplementary Data***

Our consolidated financial statements for the years ended September 30, 2011 and 2010, together with the report of Li & Company, PC dated January 13, 2012, and the notes thereto, are filed as part of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

**Item 9A.**

***Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

An evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) was carried out by us under the supervision and with the participation of our president, who serves as our principal executive officer and principal financial officer. Based upon that evaluation, our president concluded that as of September 30, 2011, our disclosure controls and procedures were not effective to ensure (i) that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) that such information is accumulated and communicated to management, including our chief executive officer, in order to allow timely decisions regarding required disclosure.

## Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Under the supervision and with the participation of our management, including our president who serves as our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ( COSO ) in Internal Control Integrated Framework. Based on management s assessment based on the criteria of the COSO, we concluded that, as of September 30, 2011, the Company s internal control over financial reporting was not effective at the reasonable assurance level due to the small size of our staff resulting in a lack of segregation of duties.

Our internal control system was designed 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 U.S. Our internal control over financial reporting includes those policies and procedures that:

(i)

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S., and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and

(iii)

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on our consolidated financial statements.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by our registered public accounting firm pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which permits us to provide only management s report in this annual report.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the fourth fiscal quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B**

#### ***Other Information***

None.

## PART III

### Item 10.

#### *Directors, Executive Officers, and Corporate Governance*

##### **Board of Directors and Executive Officers**

| <u>Name</u> | <u>Age</u> | <u>Positions with the Company</u> |
|-------------|------------|-----------------------------------|
| Neil Rock   | 26         | President and Director            |

*Neil Rock.* was elected President and director of the Company in May 2011. Mr. Rock has served as an associate at Goldstrand Investments Inc., a New York-based private investment group, since January 2010. Prior to joining Goldstrand Investments, Mr. Rock was an analyst at Lake Partners, Inc., an investment management firm, from March 2007 through December 2010. Mr. Rock's experience in analyzing small and medium-sized public and private companies along with his capital markets experience provide the board with significant management insight and understanding of capital markets.

##### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and holders of more than 10% of the outstanding shares of our common stock, to file initial reports of ownership and reports of changes in ownership with the Commission. They are also required to furnish us with copies of all Section 16(a) forms that they file with the SEC. Based solely on our review of copies of such forms received by us and/or any written representations from such persons that no other reports were required with respect to 2010, we believe that all Section 16(a) filing requirements were satisfied in a timely fashion during our fiscal year ended September 30, 2011.

##### **Code of Ethics**

We have not adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions in that our sole officer and director serves in all the above capacities.

**Board of Directors and Committee Information**

Our Board has determined that we do not currently have any independent directors as set forth in the rules and regulations of The Nasdaq Stock Market, including Rule 5605, and Rule 10A-3 of the Exchange Act. We currently have no compensation committee or other board committee performing equivalent functions. Currently, all members of our board of directors participate in discussions concerning executive officer compensation.

*Stockholder Nominations*

There were no material changes to the procedures by which stockholders may recommend nominees to our board of directors during the 2011 fiscal year.

**Item 11.*****Executive Compensation*****Summary Compensation Table**

The following table sets forth the compensation earned by the Company's principal executive officer, and each of the Company's two most highly compensated executive officers other than the principal executive officer whose compensation exceeded \$100,000 (collectively, the "Named Executive Officers"), during the years ended September 30, 2011 and 2010.

| Name                   |      | All      |                    |          |
|------------------------|------|----------|--------------------|----------|
|                        |      | Salary   | Other Compensation | Total    |
| Principal Position     | Year | (\$)     | (\$)               | (\$)     |
| <b>Neil Rock.</b> (1)  | 2011 | --       | --                 | --       |
| President              |      |          |                    |          |
| <b>Joseph Levi</b> (2) | 2011 | \$25,000 | --                 | \$25,000 |
| President              | 2010 | --       | --                 | --       |

(1)

Mr. Rock has served as our President since May 2011.

(2)

Mr. Levi served as our President, Chief Executive Officer, and Chief Financial Officer from June 2007 through May 2011.

**Outstanding Equity Awards at Fiscal Year-End**

Our named executive officers did not own any outstanding equity awards as of September 30, 2011.

## **Directors' Compensation**

We have no formal or informal arrangements or agreements to compensate our director for services he provides as director of our company.

## **Employment Contracts and Officers' Compensation**

Since our incorporation, we have not entered into employment agreements with any of our officers, directors or employees. Any future compensation to be paid to these individuals will be determined by our Board of Directors, and employment agreements will be executed. We do not currently have plans to pay any compensation to our officers or directors until such time as we are cash flow positive.

**Item 12.*****Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*****Common Stock**

The following table sets forth certain information, as of January 13, 2012 with respect to holdings of our common stock by (i) each person known by us to be the beneficial owner of more than 5% of the total number of shares of common stock outstanding as of such date, (ii) each of our directors and executive officers, and (iii) all directors and executive officers as a group. Except as otherwise indicated, the address of each person is c/o IP Technology Services, Inc., 1202 Lexington Ave., Suite 355, New York, NY 10028.

| <u>Name and Address of<br/>Beneficial Owner</u> | <u>Number of Shares<br/>Beneficially Owned (1)</u> | <u>Percent of Class (1)</u> |
|-------------------------------------------------|----------------------------------------------------|-----------------------------|
| R-Squared Partners (2)                          | 2,301,000                                          | 86.6%                       |
| Officers and Directors<br>As a group (1 member) | 2,302,000                                          | 86.6%                       |

(1)

Unless otherwise indicated, each of the persons named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name. With respect to each person or group, percentages are calculated based on the number of shares beneficially owned, including shares that may be acquired by such person or group within 60 days of January 13, 2012 upon the exercise of stock options, warrants or other purchase rights, but not the exercise of options, warrants or other purchase rights held by any other person. There were 2,656,611 shares of common stock outstanding as of the close of business on January 13, 2012.

(2)

Neil Rock, the Company's President and director, has voting and dispositive control over the shares held by R-Squared Partners.

**Changes in Control**

We are not aware of any arrangements (including any pledge by any person of our securities), the operation of which did or may at a subsequent date result in a change of control.

**Item 13.**

***Certain Relationships and Related Transactions, and Director Independence***

On June 6, 2007, we issued 2,299,000 shares of our common stock to Joseph Levi, our then President, Chief Executive Officer, Chief Financial Officer and director in consideration for the payment of an aggregate of \$14,900. The shares were issued under Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation D promulgated by the Securities and Exchange Commission. On May 18, 2011, Mr. Levi entered into a stock purchase agreement with R-Squared Partners, pursuant to which he sold the shares to R-Squared Partners. Neil Rock, who currently serves as our President and director, has voting and dispositive control over the shares held by R-Squared Partners.

**Director Independence**

Upon consideration of the criteria and requirements regarding director independence set forth in Rules 5000(a)(19) and 5605(a)(2) of the rules of the NASDAQ Stock Market, we have determined that none of our current directors are independent.

**Item 14.*****Principal Accountant Fees and Services***

Li & Company, PC served as our independent registered public accounting firm each of the fiscal years ending September 30, 2011 and 2010.

**Fees**

The following table presents fees for the professional services rendered by Li & Company, for fiscal years 2011 and 2010, respectively:

| <b>Services Performed</b> | <b>2011</b> | <b>2010</b> |
|---------------------------|-------------|-------------|
| Audit Fees(1)             | \$ 11,500   | \$ 12,500   |
| Audit-Related Fees(2)     | -           | -           |
| Tax Fees(3)               | \$ -        | -           |
| All Other Fees(4)         | -           | -           |
| Total Fees                | \$ 11,500   | \$ 12,500   |

(1)

Audit fees represent fees billed for professional services rendered for the audit of our annual financial statements and review of the financial statements included in our quarterly reports or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2)

Audit-related fees represent fees billed for assurance and related services reasonably related to the performance of the audit or review of our financial statements not reported in (1) above, including those incurred in connection with securities registration and/or other issues resulting from that process.

(3)

Tax fees represent fees billed for professional services rendered for tax compliance, tax advice and tax planning services.

(4)

All other fees principally would include fees billed for products and services provided by the accountant, other than the services reported under the three captions above.

**PART IV**

**Item 15.**

***Exhibits and Financial Statement Schedules***

- 3.1 Certificate of Incorporation of Registrant\*
- 3.2 By-Laws of Registrant\*
- 4.1 Specimen Common Stock Certificate\*
- 10.1 2007 Non-Statutory Stock Option Plan\*
- 10.2 Patent Broker Agreement\*
- 10.3 Form of Regulation D Subscription Agreement \*
- 21 Subsidiaries of Registrant \*\*
- 31.1 Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002

\* Incorporated by reference to the Company's Registration Statement on Form SB-2 file with the SEC on December 5, 2007.

\*\* Incorporated by reference to the Company's Annual report on Form 10-K filed with the SEC on January 5, 2011.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**IP TECHNOLOGY SERVICES, INC.**

By

/s/ Neil Rock

Neil Rock

President and Director

(Principal Executive Officer and

Principal Financial Officer)

Date: January 13, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <b><u>Signature</u></b>           | <b><u>Title</u></b>                                                                         | <b><u>Date</u></b> |
|-----------------------------------|---------------------------------------------------------------------------------------------|--------------------|
| <u>/s/ Neil Rock</u><br>Neil Rock | President and Director<br>(Principal Executive Officer and<br>(Principal Financial Officer) | January 13, 2012   |

IP Technology Services, Inc.

September 30, 2011 and 2010

Index to Consolidated Financial Statements

| Contents                                                                                                       | Page(s) |
|----------------------------------------------------------------------------------------------------------------|---------|
| Report of Independent Registered Public Accounting Firm                                                        | F-2     |
| Consolidated Balance Sheets at September 30, 2011 and 2010                                                     | F-3     |
| Consolidated Statements of Operations for the Fiscal Year Ended September 30, 2011 and 2010                    | F-4     |
| Consolidated Statement of Stockholders' Equity (Deficit) for the Fiscal Year Ended September 30, 2011 and 2010 | F-5     |
| Consolidated Statements of Cash Flows for the Fiscal Year Ended September 30, 2011 and 2010                    | F-6     |
| Notes to the Consolidated Financial Statements                                                                 | F-7     |



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of

IP Technology Services, Inc.

New York, New York

We have audited the accompanying consolidated balance sheets of IP Technology Services, Inc., (the Company) as of September 30, 2011 and 2010 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the fiscal years then ended. These 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 is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit 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 September 30, 2011 and 2010 and the results of its operations and its cash flows for the fiscal 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 3 to the consolidated financial statements, the Company had a accumulated deficit at September 30, 2011, and had a net loss and net cash used in operating activities for the fiscal year then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Li & Company, PC

Li & Company, PC

Skillman, New Jersey

January 13, 2012

F-2

---

## IP Technology Services, Inc.

## Consolidated Balance Sheets

|                                                                     | September 30,<br>2011 | September 30,<br>2010 |
|---------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                                                       |                       |                       |
| <b>Current assets</b>                                               |                       |                       |
| Cash                                                                | \$ 2,845              | \$ 3,943              |
| <b>Total current assets</b>                                         | 2,845                 | 3,943                 |
| <b>Other assets</b>                                                 |                       |                       |
| Patent                                                              | -                     | 28,195                |
| Accumulated amortization                                            | -                     | (6,265)               |
| Patent, net                                                         | -                     | 21,930                |
| <b>Total assets</b>                                                 | \$ 2,845              | \$ 25,873             |
| <b>Liabilities and deficit</b>                                      |                       |                       |
| <b>Current liabilities:</b>                                         |                       |                       |
| Accrued expenses                                                    | \$ 5,559              | \$ 33,985             |
| <b>Total current liabilities</b>                                    | 5,559                 | 33,985                |
| <b>Deficit</b>                                                      |                       |                       |
| Preferred stock: \$0.0001 par value: 10,000,000 shares authorized;  |                       |                       |
| none issued or outstanding                                          | -                     | -                     |
| Common stock: \$0.0001 par value: 99,000,000 shares authorized;     |                       |                       |
| 2,558,000 and 2,500,000 shares issued and outstanding, respectively | 256                   | 250                   |
| Additional paid-in capital                                          | 63,515                | 34,750                |
| Accumulated deficit                                                 | (66,485)              | (43,112)              |
| <b>IP stockholders' deficit</b>                                     | (2,714)               | (8,112)               |
| Noncontrolling interest                                             | -                     | -                     |
| <b>Total deficit</b>                                                | (2,714)               | (8,112)               |
| <b>Total liabilities and deficit</b>                                | \$ 2,845              | \$ 25,873             |

*See accompanying notes to the consolidated financial statements.*

F-3

---

## IP Technology Services, Inc.

## Consolidated Statements of Operations

|                                                  | For the Fiscal<br>Year Ended<br>September 30,<br>2011 | For the Fiscal<br>Year Ended<br>September 30,<br>2010 |
|--------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Revenues                                         | \$ -                                                  | \$ -                                                  |
| Operating expenses                               |                                                       |                                                       |
| Compensation                                     | 46,430                                                | -                                                     |
| Professional fees                                | 16,233                                                | 9,605                                                 |
| Rent                                             | -                                                     | 4,500                                                 |
| Amortization                                     | 631                                                   | 3,070                                                 |
| General and administrative expenses              | 5,010                                                 | 5,309                                                 |
| Total operating expenses                         | 68,304                                                | 22,484                                                |
| LOSS FROM OPERATIONS                             | (68,304)                                              | (22,484)                                              |
| OTHER (INCOME) EXPENSES                          |                                                       |                                                       |
| Gain on sale of patent                           | (38,701)                                              | -                                                     |
| Income tax refund                                | (6,230)                                               | -                                                     |
| Total Other (Income) Expenses                    | (44,931)                                              | -                                                     |
| Loss before taxes                                | (23,373)                                              | (22,484)                                              |
| Income tax provision                             | -                                                     | -                                                     |
| Net loss                                         | (23,373)                                              | (22,484)                                              |
| Net loss attributable to noncontrolling interest | -                                                     | -                                                     |
| Net loss attributable to IP Technology           | \$ (23,373)                                           | \$ (22,484)                                           |
| Net loss per common share attributed to          |                                                       |                                                       |
| IP Technology:                                   |                                                       |                                                       |
| - Basic and diluted                              | \$ (0.01)                                             | \$ (0.01)                                             |
| Weighted average common shares outstanding       |                                                       |                                                       |
| - basic and diluted                              | 2,499,576                                             | 2,500,000                                             |

F-4

---

## IP Technology Services, Inc.

Consolidated Statement of Stockholders' Equity (Deficit)  
For the Fiscal Years ended September 30, 2011 and 2010

|                                                              | Common Stock,<br>\$0.0001 |        | Additional         | Retained              | Total IP            |                | Total               |
|--------------------------------------------------------------|---------------------------|--------|--------------------|-----------------------|---------------------|----------------|---------------------|
|                                                              | Number                    | Amount |                    |                       | Stockholders'       | Noncontrolling |                     |
|                                                              | of<br>Shares              | Amount | Paid-in<br>Capital | Earnings<br>(Deficit) | Equity<br>(Deficit) | Interest       | Equity<br>(Deficit) |
| Balance,<br>September 30,<br>2009                            | 2,500,000                 | \$ 250 | \$ 34,750          | \$ (20,628)           | \$ 14,372           | \$ -           | \$ 14,372           |
| Net loss                                                     | -                         | -      | -                  | (22,484)              | (22,484)            | -              | (22,484)            |
| Balance,<br>September 30,<br>2010                            | 2,500,000                 | 250    | 34,750             | (43,112)              | (8,112)             | -              | (8,112)             |
| Cancellation of<br>common stock<br>upon change of<br>control | (17,000)                  | (2)    | 2                  | -                     | -                   | -              | -                   |
| Sale of common<br>stock                                      | 75,000                    | 8      | 7,492              | -                     | 7,500               | -              | 7,500               |
| Capital<br>contribution                                      | -                         | -      | 21,271             | -                     | 21,271              | -              | 21,271              |
| Net loss                                                     | -                         | -      | -                  | (23,373)              | (23,373)            | -              | (23,373)            |
| Balance,<br>September 30,<br>2011                            | 2,558,000                 | \$ 256 | \$ 63,515          | \$ (66,485)           | \$ (2,714)          | \$ -           | \$ (2,714)          |

*See accompanying notes to the consolidated financial statements.*



## IP Technology Services, Inc.

## Consolidated Statements of Cash Flows

|                                                                             | For the<br>Year Ended<br>September 30,<br>2011 | For the<br>Year Ended<br>September 30,<br>2010 |
|-----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Cash flows from operating activities:</b>                                |                                                |                                                |
| Net loss                                                                    | \$ (23,373)                                    | \$ (22,484)                                    |
| Adjustments to reconcile net loss to net cash used in operating activities: |                                                |                                                |
| Gain on sale of patent                                                      | (38,701)                                       | -                                              |
| Amortization                                                                | 631                                            | 3,070                                          |
| Changes in operating assets and liabilities:                                |                                                |                                                |
| Accrued expenses                                                            | (7,155)                                        | 435                                            |
| Income taxes payable                                                        | -                                              | (3,603)                                        |
| Customer deposits                                                           | -                                              | -                                              |
| Advances from stockholder                                                   | -                                              | -                                              |
| Net cash used in operating activities                                       | (68,598)                                       | (22,582)                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                |                                                |                                                |
| Proceeds from sale of patent                                                | 60,000                                         | -                                              |
| NET CASH USED IN INVESTING ACTIVITIES                                       | 60,000                                         | -                                              |
| <b>Cash flows from financing activities:</b>                                |                                                |                                                |
| Proceeds from sale of common stock                                          | 7,500                                          | -                                              |
| Net cash provided by financing activities                                   | 7,500                                          | -                                              |
| Net change in cash                                                          | (1,098)                                        | (22,582)                                       |
| Cash, beginning of period                                                   | 3,943                                          | 26,525                                         |
| Cash, end of period                                                         | \$ 2,845                                       | \$ 3,943                                       |
| Supplemental disclosure of cash flows information:                          |                                                |                                                |
| Interest paid                                                               | \$ -                                           | \$ -                                           |
| Income tax paid                                                             | \$ -                                           | \$ 2,560                                       |



IP Technology Services, Inc.

September 30, 2011 and 2010

Notes to the Consolidated Financial Statements

## **Note 1 - Organization and Operations**

IP Technology Services, Inc. ( IP or the Company ) was incorporated on June 6, 2007 under the laws of the State of Delaware. IP provides a range of services to assist inventors to leverage their patents and related intellectual property ( Portfolios ) and formulate a strategy to maximize the revenue and profit generated by the Portfolios.

On June 9, 2008, the company formed Mural Comm LLC ( LLC ) under the laws of the State of Delaware. The LLC, of which the Company is a 75% member, was formed to provide the same services as IP and is currently inactive.

### *Change in Control*

On May 18, 2011, Joseph Levi, the Company's then President, Chief Executive Officer, Chief Financial Officer, director and the stockholder sold 2,301,000 shares of the Company's common stock (the Shares ), through a Stock Purchase Agreement with R-Squared Partners representing 92% of the issued and outstanding common shares; (ii) the Company cancelled 17,000 shares of its common stock; (iii) Mr. Levi assumed certain outstanding liabilities of the Company; (iv) Neil Rock was elected President and as a member of the board of directors; and (v) Mr. Levi resigned as President, Chief Executive Officer, Chief Financial Officer and director of the Company.

## **Note 2 - Summary of Significant Accounting Policies**

### *Basis of Presentation*

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ).

Principles of Consolidation

The consolidated financial statements include all accounts of IP and LLC as of September 30, 2011 and 2010 and for the fiscal years then ended. All inter-company balances and transactions have been eliminated.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

The Company's significant estimates and assumptions include the fair value of financial instruments; the carrying value, recoverability and impairment, if any, of long-lived assets, including the values assigned to and the estimated useful life of patent; income tax rate, income tax provision, deferred tax assets and the valuation allowance of deferred tax assets, and the assumption that the Company will continue as a going concern. Those significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to those estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

*Fair Value of Financial Instruments*

The Company follows paragraph 820-10-35-37 of the FASB Accounting Standards Codification ( Paragraph 820-10-35-37 ) to measure the fair value of its financial instruments and paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash and accrued expenses approximate their fair values because of the short maturity of these instruments.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

It is not, however, practical to determine the fair value of advances from stockholders due to their related party nature.

*Carrying Value, Recoverability and Impairment of Long-Lived Assets*

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include patent, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

The impairment charges, if any, is included in operating expenses in the accompanying statements of operations.

Fiscal Year End

The Company elected September 30 as its fiscal year end date.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Patent

The Company follows the guidelines as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification for patent. Under the requirements as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification, the Company amortizes the costs of acquired patent over its remaining legal lives, or estimated useful life, or the term of the contract, whichever is shorter. Upon becoming fully amortized, the related cost and accumulated amortization are removed from the accounts.

Related Parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the Related parties include a. affiliates of the Company; b. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825 10 15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

### Commitment and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.



## Revenue Recognition

The Company's revenues are derived principally from commissions earned through retaining a buyer or licensee(s) or obtaining product development funding for the Portfolios holder the Company represents. The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. In addition to the aforementioned general policy, the following are the specific revenue recognition policies for each category of revenues:

*Licensing revenues:* Licensing revenues, net of licensor participations, are recognized when the underlying royalties from the sales of the related products are earned. The Company recognizes guaranteed royalties, net of licensor participations, at the time the arrangement becomes effective if the Portfolios holder has signed a non cancelable contract, has agreed to a fixed fee, has delivered the rights to the licensee who is free to exercise them, and the Portfolios holder and the Company, as a licensing agent has no remaining significant obligations with the underlying Portfolios or obligation to the licensee, and collectability of the full fee is reasonably assured. Where the Company has significant continuing direct involvement with the underlying Portfolios or obligation to the licensee, guaranteed minimum royalties, net of licensor participations, are recognized ratably over the term of the license or based on sales of the related products, if greater. Licensing advances and guaranteed payments collected but not yet earned by the Company are classified as deferred revenue in the accompanying consolidated balance sheets.

*Commission income:* Commission income, net of licensor participations, is recognized when the underlying commission from the sale of the Portfolios or securing product development funding is earned. The Company recognizes commission income, net of licensor participations, at the time the sale of the Portfolios or product development funding arrangement becomes effective if the Portfolios holder has signed a non cancelable contract, has agreed to a fixed or determinable amount, has sold the rights to the buyer or obtained the funding from the financing institutions, and collectability of the full commission is reasonably assured. If the Company determines that collection of the full commission is not reasonably assured, the Company defers the revenue recognition and recognizes commission income at the time collection becomes reasonably assured, which is generally upon receipt of cash.

### *Noncontrolling Interest*

The Company follows paragraph 810-10-65-1 of the FASB Accounting Standards Codification to include non-controlling interests in Mural Comm LLC, its majority owned subsidiary in the equity section of the consolidated balance sheets. Noncontrolling interests represent 25% of the equity of the Company's majority-owned subsidiary, Mural Comm LLC. Noncontrolling interests are adjusted for the noncontrolling interest holders' proportionate share of the earnings or losses of Mural Comm LLC.

Income Taxes

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ( Section 740-10-25 ) with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying consolidated balance sheets, as well as tax credit carry-backs and carry-forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its consolidated balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In management's opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

### Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the fiscal year ended September 30, 2011 or September 30, 2010.

### Net Income (Loss) per Common Share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period.

There were no potentially dilutive shares outstanding as of September 30, 2011 or 2010.

### Cash Flows Reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ( Indirect method ) as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

### Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued the FASB Accounting Standards Update No. 2011-04 *Fair Value Measurement* ( *ASU 2011-04* ). This amendment and guidance are the result of the work by the FASB and the IASB to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (IFRSs).

This update does not modify the requirements for when fair value measurements apply; rather, they generally represent clarifications on how to measure and disclose fair value under ASC 820, *Fair Value Measurement*, including the following revisions:

.

An entity that holds a group of financial assets and financial liabilities whose market risk (that is, interest rate risk, currency risk, or other price risk) and credit risk are managed on the basis of the entity's net risk exposure may apply an exception to the fair value requirements in ASC 820 if certain criteria are met. The exception allows such financial instruments to be measured on the basis of the reporting entity's net, rather than gross, exposure to those risks.

.

In the absence of a Level 1 input, a reporting entity should apply premiums or discounts when market participants would do so when pricing the asset or liability consistent with the unit of account.

.

Additional disclosures about fair value measurements.



The amendments in this Update are to be applied prospectively and are effective for public entity during interim and annual periods beginning after December 15, 2011.

In June 2011, the FASB issued the FASB Accounting Standards Update No. 2011-05 *Comprehensive Income* (ASU 2011-05), which was the result of a joint project with the IASB and amends the guidance in ASC 220, *Comprehensive Income*, by eliminating the option to present components of other comprehensive income (OCI) in the statement of stockholders' equity. Instead, the new guidance now gives entities the option to present all non-owner changes in stockholders' equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. Regardless of whether an entity chooses to present comprehensive income in a single continuous statement or in two separate but consecutive statements, the amendments require entities to present all reclassification adjustments from OCI to net income on the face of the statement of comprehensive income.

The amendments in this Update should be applied retrospectively and are effective for public entity for fiscal years, and interim periods within those years, beginning after December 15, 2011.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

### **Note 3 Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the accompanying financial statements, the Company had a accumulated deficit at September 30, 2011, a net loss and net cash used in operating activities for the fiscal year then ended, respectively.

While the Company is attempting to commence operations and generate sufficient revenues, the Company's cash position may not be sufficient enough to support the Company's daily operations. While the Company believes in the viability of its strategy to generate sufficient revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**Note 4 Patent**

On March 3, 2009, Mural Comm entered into a Purchase Agreement and an Assignment of Patent Rights effective March 3, 2009. The Company paid the seller \$90,000 and amortized the reduced impaired patent through December 15, 2010, when it was then sold for \$60,000.

**Note 5 Related Party Transactions**

The Company leases office space from a related party. There is no formal lease agreement existing at the present that obligates the Company to record any future minimum payments.

**Note 6 Stockholders Deficit**

Common stock

The Company sold 75,000 shares of its common stock at \$0.10 per share (\$7,500) to four (4) investors during the quarter ended September 30, 2011.

**Note 7 Income Taxes**Deferred tax assets

At September 30, 2011, the Company had net operating loss ( NOL ) carry forwards for Federal income tax purposes of \$66,485 that may be offset against future taxable income through 2031. No tax benefit has been reported with respect to these net operating loss carry-forwards in the accompanying financial statements because the Company believes that the realization of the Company's net deferred tax assets of approximately \$22,605 was not considered more likely than not and accordingly, the potential tax benefits of the net loss carry-forwards are fully offset by a valuation allowance of \$22,605.

Deferred tax assets consist primarily of the tax effect of NOL carry-forwards. The Company has provided a full valuation allowance on the deferred tax assets because of the uncertainty regarding its realizability. The valuation allowance increased approximately \$7,947 and \$7,645 for the fiscal year ended September 30, 2011 and 2010.

Components of deferred tax assets at September 30, 2011 and 2010 are as follows:

|                                                     | September 30,<br>2011 | September 30,<br>2010 |
|-----------------------------------------------------|-----------------------|-----------------------|
| Net deferred tax assets – non-current:              |                       |                       |
| Expected income tax benefit from NOL carry-forwards | 22,605                | 14,658                |
| Less valuation allowance                            | (22,605)              | (14,658)              |
| Deferred tax assets, net of valuation allowance     | \$ -                  | \$ -                  |

Income taxes in the statements of operations

A reconciliation of the federal statutory income tax rate and the effective income tax rate as a percentage of income before income taxes is as follows:

|                                                                    | For the fiscal<br>year ended<br>September 30,<br>2011 | For the fiscal year<br>ended September<br>30, 2010 |
|--------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------|
| Federal statutory income tax rate                                  | 34.0%                                                 | 34.0%                                              |
| Change in valuation allowance on net operating loss carry-forwards | (34.0)%                                               | (34.0)%                                            |
| Effective income tax rate                                          | 0.0%                                                  | 0.0%                                               |

***Note 9 Subsequent Events***

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were certain reportable subsequent events to be disclosed.

**Common stock**

The Company sold 98,610 shares of its common stock at \$0.10 per share (\$9,861) in December 2011.