

PayMeOn, Inc.
Form 10-Q
August 19, 2015

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

FORM 10-Q

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

For the quarterly period ended: **June 30, 2015**

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: 000-53574

PayMeOn, Inc.

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(Exact name of registrant as specified in its charter)

Nevada
*(State or other jurisdiction
of incorporation or organization)*

20-4959207
*(I.R.S. Employer
Identification No.)*

5961 NE 18th Terrace, Fort Lauderdale, FL 33308

(Address of Principal Executive Office) (Zip Code)

(800) 831-4743

(Registrant's telephone number, including area code)

1201 NE 38th Street, Suite B-1, Oakland Park, FL 33334

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of August 17, 2015
Common Stock, \$0.001 Par Value Per Share	12,613,457

PAYMEON, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	
<u>Item 1.</u> Financial Statements	1
<u>Item 2.</u> Management's Discussion And Analysis Of Financial Condition And Results Of Operations	19
<u>Item 3.</u> Quantitative And Qualitative Disclosures About Market Risk	24
<u>Item 4.</u> Controls And Procedures	25
PART II. OTHER INFORMATION	
<u>Item 1.</u> Legal Proceedings	26
<u>Item 1A.</u> Risk Factors	26
<u>Item 2.</u> Unregistered Sales Of Equity Securities And Use Of Proceeds	26
<u>Item 3.</u> Defaults Upon Senior Securities	26
<u>Item 4.</u> Mine Safety Disclosure	26
<u>Item 5.</u> Other Information	26
<u>Item 6.</u> Exhibits	26

PART I. FINANCIAL INFORMATION**ITEM 1.****FINANCIAL STATEMENTS****PAYMEON, INC AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2015 (Unaudited)	December 31, 2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 8,086	\$ 1,558
Prepaid expenses		7,252
TOTAL CURRENT ASSETS	8,086	8,810
COMPUTER EQUIPMENT AND WEBSITE COSTS, NET	655	1,029
TOTAL ASSETS	\$ 8,741	\$ 9,839
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 249,982	\$ 229,904
Accounts Payable - related party		28,087
Accrued expenses	689,980	607,431
Note payable	2,000	2,000
Notes Payable related party- convertible (net of discount of \$159,207 and \$55,491, respectively and related party receivables of \$87,727 and \$0	255,140	221,582
TOTAL CURRENT LIABILITIES	1,197,102	1,089,004
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
STOCKHOLDERS DEFICIT		

Preferred stock, \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding, respectively		
Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 12,613,457 and 12,563,457 shares issued and outstanding, respectively as of June 30, 2015 and December 31, 2014	12,613	12,563
Additional paid in capital	6,485,755	6,244,455
Accumulated deficit	(7,686,729)	(7,336,183)
TOTAL STOCKHOLDERS'S DEFICIT	(1,188,361)	(1,079,165)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 8,741	\$ 9,839

See accompanying notes to unaudited condensed consolidated financial statements.

PAYMEON, INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended		For the six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenue				
Service Revenue, net	\$ 39	\$ 592	\$ 138	\$ 3,040
Products Sales	4,965		21,554	
Total revenue	5,004	592	21,692	3,040
Cost of products sold	4,368		20,194	
Gross Profit	636	592	1,498	3,040
OPERATING EXPENSES				
Professional fees	6,953	45,668	36,064	52,019
Web development and hosting	688	2,457	2,178	13,704
Payroll and payroll taxes	47,344	81,074	98,283	160,921
Consulting	20,502	17,455	37,713	25,543
Travel and entertainment	3,474	1,044	7,236	4,349
Marketing -related party	100		24,024	
General and administrative	5,741	10,840	14,046	381,717
Total Operating Expenses	84,802	158,538	219,544	638,253
NET LOSS FROM OPERATIONS	(84,166)	(157,946)	(218,046)	(635,213)
OTHER INCOME / (EXPENSES)	1,484		2,967	

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Interest income - related party				
Interest expense	(80,533)	(115,922)	(135,467)	(285,240)
Total other expenses	(79,049)	(115,922)	(132,500)	(285,240)
Net loss before provision for income taxes	(163,215)	(273,868)	(350,546)	(920,453)
Provision for Income Taxes				
NET LOSS	\$ (163,215)	\$ (273,868)	\$ (350,546)	\$ (920,453)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.03)	\$ (0.17)
Weighted average number of shares outstanding - basic and diluted	12,613,457	5,572,688	12,612,076	5,572,688

See accompanying notes to unaudited condensed consolidated financial statements.

PAYMEON, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended	
	2015	June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (350,546)	\$ (920,453)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	374	610
Amortization of debt discount	120,135	248,639
Warrants issued for services		25,543
Changes in operating assets and liabilities:		
Decrease in deposit		31,407
Decrease in prepaid expense - related party	7,252	
Increase in interest receivable - related party	(2,967)	
Decrease in accrued expenses - related party	(28,087)	
Increase in accounts payable and accrued expenses	102,627	477,026
Net Cash Used In Operating Activities	(151,212)	(137,228)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Notes receivable - related party	(84,760)	
Net Cash Used in Investing Activities	(84,760)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from advances - related party		
Repayments to related party		(6,100)
Proceeds from notes payable related party - convertible	225,000	147,502
Sale of common stock	17,500	
Net Cash Provided By Financing Activities	242,500	141,402
NET INCREASE IN CASH	6,528	4,174
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,558	3,061
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 8,086	\$ 7,235
Supplemental disclosure of non cash investing & financing activities:		
Cash paid for income taxes	\$	\$
Cash paid for interest expense	\$	\$

During the six months ended June 30, 2015, the Company received \$225,000 from a related party in exchange for convertible notes payable of \$225,000 with the beneficial conversion feature valued at \$223,850.

During the six months ended June 30, 2015 a related party elected to accept as a payment the note receivable of \$84,760 and accrued interest of \$2,967 against convertible notes payable related party.

See accompanying notes to unaudited condensed consolidated financial statements.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

NOTE 1 ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN

(A) Organization

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information necessary for a comprehensive presentation of financial position and results of operations. The interim results for the period ended June 30, 2015 are not necessarily indicative of results for the full fiscal year. It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation.

On March 16, 2011 PayMeOn, Inc. (formerly known as MMAX Media, Inc.) ("PAYM" or the "Company") completed its agreement and plan of merger (the "Merger Agreement") to acquire Hyperlocal Marketing, LLC, a Florida limited liability company ("Hyperlocal"), pursuant to which Hyperlocal merged with and into HLM PayMeOn, Inc., a Florida corporation and wholly owned subsidiary of PAYM. Under the terms of the Merger Agreement, the Hyperlocal members received 301,296 shares of PAYM common stock, which equals approximately 50.1% of the total shares of PAYM issued and outstanding following the merger on a fully diluted basis. In accordance with ASC Topic 360-10-45-15, the transaction is accounted for as a reverse acquisition. Hyperlocal is considered the accounting acquirer and the acquiree is PAYM since the members of Hyperlocal obtained voting and management control of PAYM and the transaction has been accounted for as a reverse merger and recapitalization.

Hyperlocal Marketing, LLC was originally organized in the State of Florida on January 22, 2010. The Company has focused its efforts on organizational activities, raising capital, software development and evaluating operational opportunities.

PayMeOn owns and operates products aimed at the location-based marketing industry. PayMeOn develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, advertising inclusion with mobile referrals, use of SMS short codes and contest management. PayMeOn has had nominal revenues since its inception. PayMeOn's mobile application product is designed to offer members using the application income potential when they allow PayMeOn's merchant customer information to be included with their mobile recommendations and referrals. In addition the Company has begun selling electric bike cycles from an affiliate entity which the Company recently acquired a 19.4% equity interest (See note 9).

PayMeOn Inc. and its wholly owned subsidiaries are herein referred to as the "Company".

(B) Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of PayMeOn, Inc. and its wholly owned subsidiaries, Hyperlocal Marketing, LLC and HLM PayMeOn, Inc. All intercompany accounts have been eliminated in the consolidation.

(C) Going Concern

Since inception, the Company has incurred net operating losses and used cash in operations. As of June 30, 2015, the Company has an accumulated deficit of \$7,686,729, a working capital deficiency of \$1,189,016 and used cash in operations of \$151,212 for the six months ended June 30, 2015. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of the Company's products which included the general and administrative expenses associated with its organization and product development.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Cash and Cash Equivalents

The Company considers all highly liquid temporary cash instruments with a maturity of three months or less to be cash equivalents.

(B) Use of Estimates in Financial Statements

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates. Significant estimates during the period covered by these financial statements include the valuation of website costs, valuation of deferred tax asset, stock based compensation and any beneficial conversion features on convertible debt.

(C) Fair value measurements and Fair value of Financial Instruments

The Company adopted FASB ASC Topic 820, Fair Value Measurements. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The Company did not identify any assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with ASC Topic 820.

Due to the short-term nature of all financial assets and liabilities, their carrying value approximates their fair value as of the balance sheet date.

(D) Prepaid expenses

On July 17, 2014 the Company entered into a six month consulting agreement for investor relations. The Company issued 400,000 shares of common stock valued at \$88,000 (\$0.22 per share) the fair market value on the date of issuance. In addition the Company is required to pay the consultant \$7,500 per month. As of December 31, 2014 the Company has amortized of \$80,748 and the remaining balance of \$7,252 is recorded as a prepaid expense. During the six months ended June 30, 2015 the Company expensed the remaining balance of \$7,252. The parties agreed to terminate the agreement and no further amounts are owed under the agreement.

PAYMEON, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****AS OF JUNE 30, 2015****(UNAUDITED)*****(E) Computer and Equipment and Website Costs***

Computer Equipment and Website Costs are capitalized at cost, net of accumulated depreciation. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets, which is three to five years for all categories. Repairs and maintenance are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. The cost of computer equipment and the related accumulated depreciation are removed from the accounts upon retirement or disposal with any resulting gain or loss being recorded in operations.

Software maintenance costs are charged to expense as incurred. Expenditures for enhanced functionality are capitalized.

The Company has adopted the provisions of ASC 350-50-15, "Accounting for Web Site Development Costs." Costs incurred in the planning stage of a website are expensed as research and development while costs incurred in the development stage are capitalized and amortized over the life of the asset, estimated to be three years.

Asset Category	Depreciation/ Amortization Period
Furniture and fixtures	5 Years
Computer equipment	3 Years

Computer and equipment and website costs consisted of the following:

	June 30,	December 31,
	2015	2014
Computer equipment	\$ 3,747	\$ 3,747

Website development	24,775	24,775
Total	28,522	28,522
Accumulated depreciation	(27,867)	(27,493)
Balance	\$ 655	\$ 1,029

Depreciation expense for three and six months ended June 30, 2015 and 2014 was \$187, \$374, \$305 and \$610 respectively. During the year ended December 31, 2014 the Company chose to impair computer equipment with a historical cost of \$2,342, the Company recorded a charge for impairment of \$484.

(F) Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or a change in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is the excess of the carrying amount over the fair value of the asset.

(G) Revenue Recognition

The Company recognizes revenue on arrangements in accordance with FASB ASC Topic. 605 "Revenue Recognition". In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes sales of deals and texts when revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales and packages are recognized over twelve months. Revenue from monthly membership fees are recorded during the month the membership is earned.

The Company recognizes revenue from bike sales when delivered to our customers and collectability is reasonably assured.

(H) Investment Equity Method

On July 18, 2014 the Company entered into and completed two membership interest purchase agreements to acquire a 19.4% equity interest in Prodeco Technologies, LLC, a private manufacturer of electric bicycles under the brand "Prodeco" with manufacturing facilities located in Oakland Park, Florida. Prodeco Technologies was organized under the laws of the State of Florida in June 2012. The Prodeco Technologies membership interests were acquired through the acquisition of all of the issued and outstanding membership interests of A Better Bike, LLC and EBikes, LLC, members of Prodeco Technologies, LLC. A Better Bike, LLC is owned by Vincent L. Celentano, the Company's largest individual shareholder. EBikes is owned by Vincent D. Celentano, II. In consideration of the acquisition of all of the issued and outstanding membership interests of A Better Bike and EBikes, the Company issued an aggregate of 2,941,176 restricted shares of its common stock to the members of A Better Bike and EBikes. For accounting purposes the transactions are recorded at the historical cost basis of \$0 from the related parties. For financial statement purposes, the Company accounts for its investment in this affiliated entity under the equity method. The Company discontinued applying the equity method at June 30, 2015, as the investment is below \$0 and will not resume applying the equity method until the affiliate reports income greater than its losses during the time period under equity method.

Under the equity method, investments are carried at cost, plus or minus the Company's proportionate share, based on present ownership interests, of: (a) the investee's profit or loss after the date of acquisition; (b) changes in the Company's equity that have not been recognized in the investee's profit or loss; and (c) certain other adjustments. The Company enjoys a close association with this affiliate through participation that allows for a significant amount of influence over the affiliates business decisions. Accordingly, for financial statement purposes, the Company accounts

for its investment in this affiliated entity under the equity method. The Company discontinued applying the equity method at June 30, 2015 as the investment is below zero and will not resume applying the equity method until the affiliate reports income greater than its losses during the time period under the equity method.

On April 14, 2015 the Company entered into a securities exchange agreement (the Exchange Agreement) with Vincent L. Celentano, an individual shareholder of the Company (Celentano), Prodeco Technologies, LLC, liability company (PROTEC) and each of the members of Prodeco (each a PROTEC Member and collectively, the PROTEC Members). On the execution date the Company held a 19.4% equity interest in PROTEC. Under the Exchange Agreement the Company agreed to acquire the remaining 80.6% interest of PROTEC from the PROTEC Members in exchange for an aggregate of 62,224,700 shares of newly issued shares of the of common stock (the Exchange Shares), subject to certain conditions to closing.

In addition to the Exchange Shares, the Company and Celentano have agreed to retire 3,023,440 shares of common stock of the Company held by Celentano. Celentano has also agreed to forgive loans and advances made to the Company in the principal amount of approximately \$266,000 prior to the closing of the Exchange Agreement and satisfy certain Company liabilities. Furthermore, prior to the Execution Date Celentano and his affiliates have made advances to PROTEC (the PROTEC Loans) and as a condition to closing of the Transaction, have agreed to convert the PROTEC Loans into PROTEC membership interests which shall be included in the exchange and within the Exchange Shares. PROTEC and the PROTEC Members, including Celentano and his affiliates, have agreed to forgive or otherwise satisfy certain PROTEC liabilities prior to closing, such that on the closing date the Company shall assume up to approximately \$1,000,000 of advances and loans payable by PROTEC.

Upon the closing of the Transaction there will be approximately 71,814,717 shares of the Company s common stock issued and outstanding.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

(I) Loss Per Share

The basic loss per share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the period. The diluted loss per share is calculated by dividing the Company's net loss by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. The Company has 343,993 and 215,942 shares issuable upon the exercise of options and warrants and approximately \$2 million and \$4 million shares issuable upon conversion of convertible notes payable that were not included in the computation of dilutive loss per share because their inclusion is anti-dilutive for the three and six months ended June 30, 2015 and 2014, respectively.

(J) Stock-Based Compensation

The Company recognizes compensation costs to employees under FASB ASC Topic 718, Compensation – Stock Compensation. Under FASB ASC Topic. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB ASC Topic 505, Equity Based Payments to Non-Employees. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

(K) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 ("ASC 740-10-25"). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(L) Cost of Sales

Components of cost of sales include product costs and shipping costs to customers.

(M) Shipping and Handling Costs

The Company includes shipping and handling fees billed to customers as revenue and shipping and handling costs to customers as cost of revenue.

(N) Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation.

(O) Segments

The Company operates in one segment and therefore segment information is not presented.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

NOTE 3 RECENT ACCOUNTING PRONOUNCEMENTS

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, is to simplify presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The ASU does not affect the recognition and measurement guidance for debt issuance costs. For public companies, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-04, *Compensation Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*, permits the entity to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year. The ASU is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-05, *Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, provides guidance to customers about whether a cloud computing arrangement includes a software license. If such an arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the customer should account for it as a service contract. For public business entities, the ASU is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-06, *Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions*, specifies that, for

purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a drop down transaction should be allocated entirely to the general partner. In that circumstance, the previously reported earnings per unit of the limited partners (which is typically the earnings per unit measure presented in the financial statements) would not change as a result of the dropdown transaction. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required. The ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Earlier application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

NOTE 4 NOTES RECEIVABLE RELATED PARTY

On January 20, 2015, the Company received an unsecured promissory note in the principal amount of \$75,000 from Prodeco Technologies, LLC, (Prodeco) an affiliated entity. The note bears interest at an annual rate of 7% and is payable January 20, 2018. The note holder shall pay interest in the amount of \$1,312.50 per quarter due on the 15th each month following the end of the quarter until the maturity date. On February 6, 2015 the Company advanced an additional \$9,760.90 to Prodeco under the same terms due on February 8, 2018. The note holder shall pay interest in the amount of \$170.81 per quarter due on the 15th each month following the end of the quarter until the maturity date. For the three and six months ended June 30, 2015 the Company has recorded \$1,484 and \$2,967 of interest income which has not been paid. As of June 30, 2015 the related party elected to accept as a payment of the note receivable \$84,760 and accrued interest of \$2,967 against convertible notes payable related party.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

NOTE 5 CONVERTIBLE NOTES PAYABLE RELATED PARTY

	June 30,	December 31,
	2015	2014
Loan Amount	\$ 502,074	\$ 277,073
Notes receivable related party (See note 4 above)	(87,727)	
Discount	(159,207)	(55,491)
Balance	\$ 255,140	\$ 221,582

On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of \$79,440 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of \$79,440 for the fair value of the beneficial conversion feature. As of December 31, 2014 and December 31, 2013 the Company amortized \$79,440 and \$79,440 of the debt discount. Accrued interest at June 30, 2015 and December 31, 2014 amounted to \$13,940 and \$11,183, respectively. As of December 31, 2013, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014. On December 23, 2014, the note holder agreed to extend the note through December 23, 2015.

On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of \$86,060 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of \$86,060 for the fair value of the beneficial conversion feature. As of December 31, 2014 and December 31, 2013 the Company amortized \$86,060 and \$86,060 of the debt discount. Accrued interest at June 30, 2015 and December 31, 2014 amounted to \$15,102 and \$12,144, respectively. As of December 31, 2013, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014. On December 23, 2014, the note holder agreed to extend the note through December 23, 2015.

On May 15, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$760 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$760 for the fair value of the beneficial conversion feature. On May 15, 2015, the note holder agreed to extend the note through May 15, 2016. As of June 30, 2015 and December 31, 2014 the Company amortized \$760 and \$479 and accrued interest amounted to \$60 and \$34, respectively. On May 18, 2015, the note holder agreed to extend the note through May 15, 2016.

On May 22, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$750 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$750 for the fair value of the beneficial conversion feature. On May 12, 2015, the note holder agreed to extend the note through May 22, 2016. As of June 30, 2015 and December 31, 2014 the Company amortized \$750 and \$458 and accrued interest amounted to \$58 and \$32, respectively. On May 18, 2015, the note holder agreed to extend the note through May 15, 2016.

On June 6, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. On June 30, 2015, the note holder agreed to extend the note through June 6, 2016. The Company recorded a debt discount of \$10,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$10,000 and \$5,699 and accrued interest amounted to \$746 and \$399, respectively.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

On June 15, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$781 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. On June 30, 2015, the note holder agreed to extend the note through June 15, 2016. The Company recorded a debt discount of \$781 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$781 and \$426 and accrued interest amounted to \$57 and \$30, respectively.

On June 18, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. On June 30, 2015, the note holder agreed to extend the note through June 18, 2016. The Company recorded a debt discount of \$500 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$500 and \$268 and accrued interest amounted to \$36 and \$19, respectively.

On June 26, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. On June 30, 2015, the note holder agreed to extend the note through June 26, 2016. The Company recorded a debt discount of \$1,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$1,000 and \$515 and accrued interest amounted to \$71 and \$36, respectively.

On June 27, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$4,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. On June 30, 2015, the note holder agreed to extend the note through June 27, 2016. The Company recorded a debt discount of \$4,500 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$4,500 and \$2,305 and accrued interest amount to \$318 and \$161, respectively.

On July 8, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$5,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$5,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$4,890 and \$2,411 and accrued interest amounted to \$342 and \$169.

On July 15, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$10,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$9,589 and \$4,630 and accrued interest amounted to \$671 and \$324, respectively.

On July 17, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$7,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$6,250 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$5,959 and \$2,860 and accrued interest amounted to \$501 and \$240, respectively.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

On July 28, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$24,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$12,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$11,079 and \$5,129 and accrued interest amounted to \$1,551 and \$718, respectively.

On August 19, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$7,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$6,875 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$5,933 and \$2,524 and accrued interest amounted to \$453 and \$193, respectively.

On September 10, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$5,833 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$4,682 and \$1,790 and accrued interest amounted to \$562 and \$215, respectively.

On September 30, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$5,833 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$7,479 and \$2,521 and accrued interest amounted to \$524 and \$176, respectively.

On October 1, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of June 30, 2015 and December 31, 2014 the Company recorded accrued interest of \$26 and \$9, respectively.

On October 2, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$382 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of June 30, 2015 and December 31, 2014 the Company recorded accrued interest of \$20 and \$7, respectively.

On October 20, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$2,400 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$2,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$1,386 and \$395 and accrued interest of \$116 and \$33, respectively.

On October 22, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$6,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$5,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$3,438 and \$959 and accrued interest amounted to \$289 and \$81.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

On October 30, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.12 per share, subject to adjustment. The Company recorded a debt discount of \$9,167 for the fair value of the beneficial conversion feature. As of June 30, 2015 and December 31, 2014 the Company amortized \$6,103 and \$1,557 and accrued interest of \$466 and \$119, respectively.

On January 5, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$1,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$482 and accrued interest amounted to \$34.

On January 20, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$85,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$85,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$37,493 and accrued interest amounted to \$2,625.

On February 6, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$47,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$47,500 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$18,740 and accrued interest amounted to \$1,312.

On March 13, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$50,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or

before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$50,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$14,932 and accrued interest amounted to \$1,045.

On May 12, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$30,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$30,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$3,945 and accrued interest amounted to \$276.

On June 3, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$900 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$64 and accrued interest amounted to \$5.

On June 9, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$900 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$25 and accrued interest amounted to \$2.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

On June 9, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$5,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$900 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$247 and accrued interest amounted to \$19.

On June 16, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$900 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$35 and accrued interest amounted to \$3.

On June 16, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$3,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$2,700 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$96 and accrued interest amounted to \$7.

On June 16, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment. The Company recorded a debt discount of \$1,000 for the fair value of the beneficial conversion feature. As of June 30, 2015 the Company amortized \$32 and accrued interest amounted to \$2.

NOTE 6 COMMITMENTS AND CONTINGENCIES

On August 15, 2011, the Company entered into an employment agreement with its Chief Executive Officer. The agreement is for a period of one year and automatically extends for one day each day until either party notifies the other not to further extend the employment period, provides for an annual base salary totaling \$250,000 and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of \$50,000 in total. On July 18, 2014, the Company's Chief Executive Officer forgave \$326,727 of accrued payroll and amended his employment agreement to reduce his base salary by 30% and eliminated his guaranteed bonus of \$50,000 per year.

For the three and six months ended June 30, 2015 and 2014 the Company recorded a salary expense of \$43,750, \$87,500, \$75,000 and \$150,000, respectively, including the minimum annual bonus of \$0 and \$50,000, respectively. Accrued compensation at June 30, 2015 and December 31, 2014 were \$224,263 and \$162,497, respectively (See Note 9).

Effective February 23, 2012, the Company entered into a consulting agreement with a Consultant/Advisor to provide marketing and sales services through February 23, 2016. In consideration of the Consultant/Advisor to perform the services for the Company, the Consultant/Advisor will receive a warrant to purchase 33,334 shares of the Company's Common Stock and a warrant to purchase 31,884 shares of the Company's Common Stock. Common Stock issued upon exercise of the warrant will not be registered under the Securities Act, but may be included, at the Company's option, in future registrations that the Company may undertake of its Common Stock. The warrant to purchase 33,334 shares shall have a cash exercise price of \$4.83 per share, expired on February 23, 2015. The warrant to purchase 31,884, shares shall have a cash exercise price of \$12.42 per share and shall have an expiration date of February 23, 2016. The warrants shall have a vesting schedule, including certain vesting acceleration rights. If Consultant/Advisor ceases to provide services or the agreement is terminated by either party, then any vested, but unexercised warrants must be exercised within 180 days of Consultant/Advisor's departure date or by the expiration date of the warrants, whichever is sooner. Any unexercised warrants that remain outstanding 180 days after Consultant/Advisor's departure date (or at the expiration date) shall expire and terminate forever. The value of these warrants vests as accounts are sold by the Consultant/Advisor. As of June 30, 2015, no accounts have been sold and no expense has been recognized.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

On May 1, 2013, the Company entered into a lease agreement for executive offices located at 2400 E. Commercial Blvd., Suite 612, Fort Lauderdale, Florida. The facility was approximately 4,777 square feet. The lease was for a term of 39 months at a current cost of approximately \$9,900 per month. The lease contained three months of deferred rent that would be forgiven if the Company made its 36 required monthly payments timely. The Company was also required to make a security deposit of \$31,407. As of March 31, 2014, the Company has not been timely on its monthly payments and is in default of the agreement. On March 31, 2014, the company received a "notice of default" from legal counsel representing the landlord for the office space. The letter demanded immediate payment of \$41,937 for rent past due as of April 1, 2014. On May 15, 2014, the Company returned the office space to the landlord. As of May 20, 2014, the Company has not been able to pay its outstanding rent obligation and the landlord has accelerated all rent obligations due under the lease agreement. The Company has been served with a civil lawsuit with Case # 14007105 filed on February 11, 2015. The Landlord is seeking \$376,424 in accelerated rent and damages and \$12,442 for its attorneys costs. The case is scheduled for April 2015. On April 22, 2015 the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court for the 17th Judicial Circuit in and for Broward County in the amount of \$388,866. The Company has accrued the full amount of rent and attorney costs as of June 30, 2015.

On February 26, 2015 the Company entered into a financial advisory agreement. Advisor agrees to provide services to the Company to include, but not be limited to, the following activities: (i) Assisting in refining the short form business summary of Company operations (the "Descriptive Materials"); (ii) Assisting the Company in refining/outlining its interim and longer term capital requirements; (iii) Identifying the capital request, the Use of Proceeds and the corresponding financial projections for the Company and assisting in the process of developing any joint venture or other business development opportunities that may emerge as a result of initiatives by the Advisor. In consideration for advisory services, the non-refundable sum of \$15,000 is to be paid on execution of the agreement and \$2,500 to be paid each 30 days thereafter for the term of this agreement. In the event that the Company receives a minimum of \$500,000 of new funding during the term, the monthly retainer of \$2,500 will be raised to \$5,000 for the balance of the term. The Company shall reimburse Advisor for any pre-approved, out-of-pocket expenses incurred in connection with its efforts on behalf of the Company. In the event that an equity transaction is consummated with any party introduced during the term of the agreement or within one year thereafter the Company by Advisor or with any party with which Advisor was in discussions with on behalf of and at the direction of the Company, the Company shall pay a consulting fee at closing, as cash, equal to 6% to 7.5% of the Transaction Value. For mezzanine debt transactions, the Company shall pay a consulting fee at closing of 5%. Additionally, warrant consideration will be discussed on a deal by deal basis. The agreement has an initial term of four (4) months and will renew automatically in the event that neither party has provided written notice of cancellation.

NOTE 7 STOCKHOLDERS DEFICIT

The Company is authorized to issue up to 1,000,000,000 shares of common stock, par value \$0.001, and up to 5,000,000 shares of preferred stock, as effective April 1, 2013, the Company amended its articles of incorporation to increase its authorized common stock from 195,000,000 shares to 1,000,000,000 shares, eliminate the class of preferred stock known as "Callable and Convertible Preferred Stock", and create a class of preferred stock consisting of 5,000,000 shares, the designations and attributes of which are left for future determination by the Company's board of directors.

On July 17, 2014 the Company entered into a six month consulting agreement for investor relations. The Company issued 400,000 shares of common stock valued at \$88,000 (\$0.22 per share) the fair value on the date of issuance to a consultant for public relations, and is required to pay the consultant \$7,500 per month. As of December 31, 2014 the Company has recorded an expense of \$80,748 and the remaining balance of \$7,252 is recorded as a prepaid expense. The Company expensed the remaining balance of \$7,252 during the six months ended June 30, 2015.

PAYMEON, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****AS OF JUNE 30, 2015****(UNAUDITED)**

On July 18, 2014 the Company entered into and completed two membership interest purchase agreements to acquire a 19.4% equity interest in Prodeco Technologies, LLC, a private manufacturer of electric bicycles under the brand "Prodeco" with manufacturing facilities located in Oakland Park, Florida. Prodeco Technologies was organized under the laws of the State of Florida in June 2012. The Prodeco Technologies membership interests were acquired through the acquisition of all of the issued and outstanding membership interests of A Better Bike, LLC and EBikes, LLC, members of Prodeco Technologies, LLC. A Better Bike, LLC was owned by Vincent L. Celentano, the Company's largest individual shareholder. EBikes was owned by Vincent D. Celentano, II, the son of Vincent L. Celentano. In consideration of the acquisition of all of the issued and outstanding membership interests of A Better Bike and EBikes, the Company issued an aggregate of 2,941,176 restricted shares of its common stock to the members of A Better Bike and EBikes. For accounting purposes the transactions are recorded at the historical basis of \$0 from related parties. The effective closing date for this transaction is July 18, 2014.

On January 5, 2015 the Company sold a total of 50,000 shares to an individual for proceeds of \$17,500 (\$0.35 per share).

NOTE 8 OPTIONS AND WARRANTS

The following tables summarize all options and warrant grants to consultants for the period ended June 30, 2015 and December 31, 2014 and the related changes during these periods are presented below.

Stock Options and Warrants	Number of Options And Warrants	Weighted Average Exercise Price
Balance at December 31, 2014	380,225	\$7.23
Granted		
Exercised		
Expired	(36,232)	4.83
Balance at June 30, 2015	343,993	\$7.10

The Company's stock price was lower than the weighted average exercise price at June 30, 2015 and 2014, therefore there is no aggregate intrinsic value of the options and warrants.

On September 8, 2011, the Company granted options to purchase 28,986 shares of its common stock to consultants at an exercise price of \$11.04 per share. The options vest immediately. The options expire on September 8, 2015. The options were valued using the Black Scholes Option Pricing Model with the following assumptions: dividend yield of 0%, annual volatility of 182%, risk free interest rate of .12%, an expected life of 1 year.

On September 8, 2011, the Company granted options to purchase 115,942 shares of its common stock to consultants at an exercise price of \$15.87 per share. The options vest over various terms for each consultant ranging from two to three years. The options expire on September 8, 2015. The options were valued using the Black Scholes Option Pricing Model, with the following assumptions: dividend yield at 0%, annual volatility of 182%, risk free interest rates of .19% to .33% based on expected life, and expected lives of 2 to 3 years.

On February 23, 2012, the Company granted warrants to purchase 31,884 shares of its common stock to consultants at an exercise price of \$12.42 per share. The warrants begin to vest upon the sale of 72 associated accounts by the consultant and will vest 6 warrants per account sold thereafter. The warrants were issued pursuant to a marketing and sales consulting agreement. The term of the agreement is through February 23, 2016, unless earlier terminated by either party. In the event the consultant ceases to perform services under the agreement or either party terminates the agreement, then any vested, but unexercised warrants shall expire at the earlier of 180 days of the date of termination or the expiration date of the warrants. The warrants expire on February 23, 2016. As of June 30, 2015, the consultant has not reached these milestones.

On April 16, 2014, the Company granted options to purchase 167,181 shares of its common stock to consultants at an exercise price of \$.10 per share. The options vest immediately. The options expire on April 16, 2017. The options were valued using the Black Scholes Option Pricing Model with the following assumptions: dividend yield of 0%, annual volatility of 105%, risk free interest rate of .87%, an expected life of 3 year.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

NOTE 9 RELATED PARTIES

On January 20, 2015, the Company received an unsecured promissory note in the principal amount of \$75,000 from Proedco Technologies, LLC, (Prodeco) an affiliated entity. The note bears interest at an annual rate of 7% and is payable January 20, 2018. The note holder shall pay interest in the amount of \$1,312.50 per quarter due on the 15th each month following the end of the quarter until the maturity date. On February 6, 2015 the Company advanced an additional \$9,760.90 to Prodeco under the same terms due on February 8, 2018. The note holder shall pay interest in the amount of \$170.81 per quarter due on the 15th each month following the end of the quarter until the maturity date. For the three and six months ended June 30, 2015 the Company has recorded \$1,484 and \$2,967 of interest income. As of June 30, 2015 the related party elected accept as a payment the note receivable of \$84,760 and accrued interest of \$2,967 against convertible notes payable related party.

During the six months ended June 30, 2015 the Company reimbursed Vincent L. Celentano, the Company's majority shareholder \$18,500 for marketing expenses paid on behalf of the Company.

On August 15, 2011, the Company entered into an employment agreement with its Chief Executive Officer. The agreement is for a period of one year and automatically extends for one day each day until either party notifies the other not to further extend the employment period, provides for an annual base salary totaling \$250,000 and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of \$50,000 in total. On July 18, 2014, the Company's Chief Executive Officer forgave \$326,727 of accrued payroll and amended his employment agreement to reduce his base salary by 30% and eliminated his guaranteed bonus of \$50,000 per year.

For the three and six months ended June 30, 2015 and 2014 the Company recorded a salary expense of \$43,750, \$87,500, \$75,000 and \$150,000, respectively, including the minimum annual bonus of \$0 and \$50,000, respectively. Accrued compensation at June 30, 2015 and December 31, 2014 were \$224,263 and \$162,497, respectively (See Note 6).

During September, 2012, the Company entered into preliminary negotiations surrounding a licensing agreement with Destination Meals LLC. Our CEO, Edward Cespedes, is a 10% owner of Destination Meals LLC through the Edward

A. Cespedes Revocable Trust dated August 22, 2007. The discussion points revolve around Destination Meals LLC licensing certain software from PayMeOn in exchange for "per transaction" payments to PayMeOn. Though a final agreement has not yet been signed, the parties have tentatively agreed to terms and are currently conducting testing and engaging in limited sales transactions. As of June 30, 2015 and 2014 the Company has recognized \$15 and \$0, respectively revenue under the proposed licensing agreement.

On July 18, 2014 the Company entered into and completed two membership interest purchase agreements to acquire a 19.4% equity interest in Prodeco Technologies, LLC, a private manufacturer of electric bicycles under the brand "Prodeco" with manufacturing facilities located in Oakland Park, Florida. Prodeco Technologies was organized under the laws of the State of Florida in June 2012. The Prodeco Technologies membership interests were acquired through the acquisition of all of the issued and outstanding membership interests of A Better Bike, LLC and EBikes, LLC, members of Prodeco Technologies, LLC. A Better Bike, LLC was owned by Vincent L. Celentano, the Company's largest individual shareholder. EBikes was owned by Vincent D. Celentano, II, the son of Vincent L. Celentano. In consideration of the acquisition of all of the issued and outstanding membership interests of A Better Bike and EBikes, the Company issued an aggregate of 2,941,176 restricted shares of its common stock to the members of A Better Bike and EBikes. For accounting purposes the transactions are recorded at the historical basis of \$0 from related parties. The effective closing date for this transaction is July 18, 2014. For financial statement purposes, the Company accounts for its investment in this affiliated entity under the equity method. The Company discontinued applying the equity method at June 30, 2015, as the investment is below \$0 and will not resume applying the equity method until the affiliate reports income greater than its losses during the time period under equity method.

See Note 5 for Convertible Notes Payable Related Party.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

(UNAUDITED)

NOTE 10 CONCENTRATIONS

For the year ended December 31, 2014, 100% of product sales were derived from four customers. For the six months ended June 30, 2015 100% of the product sales were derived from five customers 38%, 23%, 18%, 13%, and 8% respectively and 100% of cost of goods sold were acquired from an affiliate entity.

NOTE 11 SUBSEQUENT EVENTS

On July 13, 2015 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of \$8,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.20 per share, subject to adjustment.

On August 11, 2015, the Company received \$20,000 from an accredited investor for working capital in consideration of the issuance of unsecured convertible notes. These notes bear interest at 7% and are due 30 days from issuance of the note. The Holder, at its option, may extend the note for a period of up to 12 months from the issuance date. The note is convertible into shares of common stock at \$0.20 per share, subject to adjustment and certain limitations on conversion.

ITEM 2.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements are based on our management's beliefs, assumptions and expectations and on information currently available to our management. Generally, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, believes, estimates, projects, predicts, potential and similar expressions. You should identify forward-looking statements, which generally are not historical in nature. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to product sales, future financings, or the commercial success of our products. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Our management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by federal securities laws and the rules of the Securities and Exchange Commission (the "SEC"). We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation those described from time to time in our future reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim consolidated condensed financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Overview

PayMeOn, Inc. is a Nevada corporation. On March 16, 2011 PayMeOn, Inc. completed an agreement and plan of merger to acquire Hyperlocal Marketing, LLC, a Florida limited liability company, pursuant to which Hyperlocal merged with and into HLM PayMeOn, Inc., a Florida corporation and wholly owned subsidiary of the Company. The Company owns and operates products aimed at the location-based marketing industry. PayMeOn develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, advertising inclusion with mobile referrals, use of SMS short codes and contest management. PayMeOn has had nominal revenues since its inception. In July 2014 we

acquired a 19.4% stake in Prodeco Technologies, LLC (ProdecoTech), a private manufacturer of electric bicycles based in Oakland Park, Florida. In September, 2014, we began selling ProdecoTech electric bikes through our retail website www.irideelectric.com. The ProdecoTech membership interests were acquired through the acquisition of all of the issued and outstanding membership interests of A Better Bike, LLC and EBikes, LLC, members of ProdecoTech. A Better Bike was owned by Vincent L. Celentano, the Company's largest individual shareholder. EBikes was owned by Vincent D. Celentano II, the son of Vincent L. Celentano. After acquiring the stake in ProdecoTech, we began selling ProdecoTech electric bicycles online through our website www.irideelectric.com. Information on this website is not part of this report. Sales of electric bicycles have been the Company's primary focus since then and have represented the vast majority of our revenue and efforts. We expect to continue developing sales of electric bicycles, and eventually related accessories, brand at our website, www.irideelectric.com. Sales of electric bicycles at www.irideelectric.com are recorded as sales made by our wholly-owned subsidiary, HLM Paymeon, Inc. In consideration of the acquisition of all of the issued and outstanding membership interests of A Better Bike and EBikes, the Company issued an aggregate of 2,941,176 restricted shares of its common stock to the members of A Better Bike and EBikes. For accounting purposes the transactions are recorded at the historical basis of \$0 from related parties. For financial statement purposes, the Company accounts for its investment in this affiliated entity under the equity method. The Company discontinued applying the equity method at June 30, 2015, as the investment is below \$0 and will not resume applying the equity method until the affiliate reports income greater than its losses during the time period under the equity method.

During 2013 through September 30, 2014 we spent significant resources on development of a new mobile and web-based product meant to allow consumers that use it to create social income in real-time by monetizing their person to person or p2p referrals and recommendations. This ride along concept is designed to allow users to earn social income by capturing previously unmonetized purchasing influence they have by way of referrals and recommendations made to their social networks. When recommending products or services to their social networks, users can allow additional PayMeOn recommendations to ride along with their personal recommendations in exchange for social income. PayMeOn will be compensated by the providers that ride along with user recommendations. We believe the market opportunity is substantial as PayMeOn providers are presented in context along with users personal recommendations and referrals, similar to the cost per click search model. For example, a PayMeOn user may be asked to recommend a service provider such as a plumber by a member of her social network. The PayMeOn user can access the PayMeOn mobile application and allow plumbers listed in PayMeOn's directory to ride along with her personal recommendation and earn social income. PayMeOn only allows service providers that are rated by third parties to be included in its directory. Ride along recommendations are clearly marked as sponsored. We believe the concept is substantially unique and are in the process of preparing application for intellectual property protection.

While we completed the initial development of the ride along product, we have lacked the funds to properly deploy it and begin aggressively marketing it to both service providers and the general public. The product's success will depend on our ability to properly market the product to both and the credibility of the product will depend in large part on our ability to pay users any social income they earn. Accordingly, without additional funds, we cannot take the product to market. Until such time as we receive additional financing we will not invest any significant additional resources into additional development of our ride along or Hyperlocal products.

Since inception, we have incurred net operating losses. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of our products which included the general and administrative expenses associated with its organization and product development. We expect operating losses to continue, mainly due to the anticipated expenses associated with the marketing of all our products.

Results of Operations

Revenues for the three months and six months ended June 30, 2015, totaled \$5,004 and \$21,692, respectively and were principally derived from sales of ProdecoTech electric bicycles. Revenues for the three months and six months ended June 30, 2014 and June 30, 2014, were \$592 and \$3,040, respectively and were derived from sales of the Company's PayMeOn Merchant Profit Center packages to small businesses and from incremental text purchases from subscribers to the mobile text marketing packages. We expect our revenues from bicycle sales to increase as we focus on increasing such sales, and as disclosed above, until such time as we receive additional financing we do not anticipate receiving any revenues from sales of mobile text packages or our other mobile applications.

Operating expenses for the six months ended June 30, 2015 totaled \$219,544, a decrease of \$418,709 or 66% from \$638,253 for the six months ended June 30, 2014. The decrease in operating expenses for the six months ended June 30, 2015 was primarily due to a reduction in general and administrative (G&A) expenses of \$367,671 which was primarily attributable to the Company's default on the lease. As a result of the Company's default under its lease agreement for its executive offices located at 2400 East Commercial Boulevard, Fort Lauderdale, FL 33304 during March 2014, management accrued an expense of \$388,866 for the remaining lease payments. On February 11, 2015, the landlord for the Company's former office space filed a motion for summary judgment in connection with the Company's failure to comply with the lease terms and subsequent to the period covered by this report. On April 22, 2015, the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court for the 17th Judicial Circuit in and for Broward County. On April 22, 2015 the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court for the 17th Judicial Circuit in and for Broward County in the amount of \$388,866. The Company has accrued the full amount of rent and attorney costs as of March 31, 2015. Expenses were further reduced due to decreases in professional fees, web development and hosting and payroll and payroll taxes. Professional fees decreased by \$15,955 or 31% from \$52,019 to \$36,064. Web development and hosting decreased by \$11,526 or 84% from \$13,704 to \$2,178, as during 2015 we have focused on sales of bicycles. Payroll and payroll taxes decreased by \$62,638 or 39% from \$160,921 to \$98,283 primarily due to non cash expenses related to the issuance of warrants to certain consultants and service providers incurred during 2014. The decreases were partially offset by a \$24,024 increase in marketing from a related party.

Operating expenses for the three months ended June 30, 2015 totaled \$84,802, a decrease of \$73,736 or 47% from \$158,538 for the three months ended June 30, 2014. The decrease in operating expenses for the three months ended June 30, 2015 was primarily due to a \$38,715 or 85% decrease in professional fees and \$33,730 or 42% decrease in payroll and payroll taxes.

Liquidity and Capital Resources

At June 30, 2015, we had \$8,086 of cash. At June 30, 2015, we had working a capital deficit of \$1,189,016. We require additional working capital. See Plan of Operations below.

Since inception, the Company has incurred net operating losses and used cash in operations. As of June 30, 2015, the Company had an accumulated deficit of \$7,686,729. The Company has also dedicated substantial resources required to research and development and marketing of the Company's products which included the general and administrative expenses associated with its organization and product development. We expect operating losses to continue, due to the continued costs and expenses associated with our proposed acquisition of ProdecoTech and marketing of the PayMeOn products. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Necessary marketing spending could curtail the Company's ability to generate profits in the near and medium term and lack of working capital could prevent us from completing our acquisition of ProdecoTech.

We have historically satisfied our working capital requirements through the sale of restricted common stock and the issuance of promissory notes. From January 2012 through May 2012 the Company issued a series of secured promissory notes in the aggregate principal amount of \$155,000 (the January Secured Notes). The January Secured Notes were secured by all of the assets of the Company. On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of \$165,500 to an affiliate of the Company. The secured convertible note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. The secured convertible note is secured by all of the assets of the Company and includes customary provisions concerning events of default. In addition, the secured convertible note may be converted at any time, at the option of the holder, into shares of the Company's common stock at a conversion price of \$0.345 per share, subject to adjustment and conversion limitations. The Company received \$165,500 in gross proceeds from the issuance of the secured convertible note and used substantially all of the proceeds from the secured convertible note to satisfy the January Secured Notes, along with outstanding and accrued interest on the January Secured Notes of approximately \$9,018. The note was outstanding on December 31, 2014, and Celentano Consulting Company, LLC has agreed in writing to extend the maturity date to December 23, 2015.

During the year ended December 31, 2014, the Company issued 7% unsecured promissory notes to Celentano Consulting Company, LLC, William Celentano and Vincent L. Celentano in consideration of advances of approximately \$240,784. The Company used the proceeds for working capital purposes. The notes bear interest at an annual rate of 7% and are payable on or before 12 months from the date of issuance. The notes may be converted at the option of the holder, into shares of the Company's common stock at conversion prices ranging from \$0.10 to \$0.345 per share, subject to adjustment and conversion limitations.

During the year ended December 31, 2014, the Company issued an aggregate of 3,522,180 shares of restricted common stock to Celentano Consulting Company, LLC, pursuant to the conversion of certain 7% unsecured convertible promissory notes held by Celentano Consulting Company in the aggregate principal amount and accrued interest of \$994,618. Celentano Consulting Company, LLC, an affiliate of the Company, is beneficially owned by Vincent L. Celentano. The notes were convertible at prices ranging from \$0.10 to \$0.345 per share at the option of the holder.

On January 5, 2015 the Company sold a total of 50,000 shares of restricted common stock to an individual for proceeds of \$17,500. No commissions were paid.

From January 5, 2015 through June 16, 2015, the Company received an aggregate of \$225,000 from related parties for working capital in consideration of the issuance of unsecured convertible notes. These notes bear interest at 7% and are due 12 months from issuance of the respective note. The notes are convertible into shares of common stock at \$0.30 per share, subject to adjustment and certain limitations on conversion.

On January 20, 2015, the Company advanced \$75,000 to ProdecoTech in consideration of an unsecured promissory note in the principal amount of \$75,000 from ProedcoTech, an affiliated entity. The note payable to the Company bears interest at an annual rate of 7% and is payable January 20, 2018. The note holder shall pay interest in the amount of \$1,312.50 per quarter due on the 15th each month following the end of the quarter until the maturity date. On February 6, 2015 the Company advanced an additional \$9,760.90 to Prodeco under the same terms due on February 8, 2018. The note holder shall pay interest in the amount of \$170.81 per quarter due on the 15th each month following the end of the quarter until the maturity date. For the three and six months ended June 30, 2015 the Company has recorded \$1,484 and \$2,967 of interest income which has not been paid. As of June 30, 2015 the related party elected to accept as a payment of the note receivable \$84,760 and accrued interest of \$2,967 against convertible notes payable related party.

Current working capital is not sufficient to maintain our current operations and there is no assurance that future sales and marketing efforts will be successful enough to achieve the level of revenue sufficient to provide cash to sustain operations. To the extent such revenues and corresponding cash flows do not materialize, we will attempt to fund working capital requirements through third party financing, including a private placement of our securities. In the absence of revenues, we currently believe we require a minimum of \$500,000 to maintain our current operations through the next 12 months and up to \$750,000 to complete the acquisition of ProdecoTech discussed below. We cannot provide any assurances that required capital will be obtained or that the terms of such required capital may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities until sufficient funding is secured or revenues are generated to support operating activities.

Plan of Operations

Since acquiring our 19.4% interest in ProdecoTech in July, 2014, we have been primarily focused on sales of electric bicycles, which are primarily marketed through our www.irideelectric.com website. Such website is not part of this report. We intend to grow our efforts in the area of electric bicycles, including potentially adding the sales of parts and accessories during the latter part of this year.

On April 14, 2015 we entered into a Securities Exchange Agreement with Vincent L. Celentano, an individual shareholder of the Company, ProdecoTech and each of the members of ProdecoTech to acquire the remaining 80.6% of ProdecoTech in exchange for an aggregate of 62,224,700 restricted shares of the Company's common stock (the Exchange Shares), subject to certain conditions to closing (the Transaction).

In addition to the Exchange Shares, the Company and Celentano have agreed to retire 3,023,440 shares of common stock of the Company held by Celentano. Celentano has also agreed to forgive loans and advances made to the Company in the principal amount of approximately \$266,000 prior to the closing of the Exchange Agreement and satisfy certain Company liabilities. Furthermore, prior to the Execution Date Celentano and his affiliates have made advances to ProdecoTech (the ProdecoTech Loans) and as a condition to closing of the Transaction, have agreed to convert the ProdecoTech Loans into ProdecoTech membership interests which shall be included in the exchange and within the Exchange Shares. ProdecoTech and the ProdecoTech Members, including Celentano and his affiliates, have agreed to forgive or otherwise satisfy certain ProdecoTech liabilities prior to closing, such that on the closing date the Company shall assume up to approximately \$1,000,000 of advances and loans payable by ProdecoTech.

There is no guarantee that the acquisition of the remainder of ProdecoTech will come to fruition. However, because we already own 19.4% of ProdecoTech, and the sale of electric bicycles already represent the vast majority of our revenue, electric bicycles will continue to be our primary focus.

In the event the Transaction is completed, there will be approximately 71,814,717 shares of the Company's common stock issued and outstanding. The closing of the Transaction is subject to a number of conditions to closing, including, but not limited to: (1) the forgiveness or satisfaction of the loans, advances and liabilities referenced above, (2) retirement of 3,023,440 shares of the Company's common stock held by Celentano, (3) the filing and mailing of an information statement on Schedule 14F-1, (4) execution of new employment agreements with Cespedes and Robert Provost and Daniel DelAguila, the executive officers of ProdecoTech, and (5) expansion of the board of directors to up to seven members and the appointment of up to 6 new members nominated by the ProdecoTech Members or their affiliates.

There are no assurances that the Transaction will ultimately be completed. Each party's obligation to consummate the Transaction is subject to customary closing conditions, including the condition that all representations and warranties, including a representation that no material adverse change has occurred, are true and correct on the date of closing as if made on such date. The Exchange Agreement is subject to customary termination provisions and, in addition, may be terminated by ProdecoTech or the Company if specified closing conditions have not been fulfilled by July 1, 2015, unless the terminating party has failed to comply or perform its covenants and obligations in the Exchange Agreement at the time of such termination. Accordingly, we cannot provide any reasonable assurances that the Transaction will be completed. Even in the event we complete the Transaction, the success of the acquisition will depend, in part, on our ability to realize the anticipated growth opportunities from combining the two entities. The integration of the companies will be a time consuming and expensive process and may disrupt their operations if it is not completed in a timely and efficient manner. Furthermore, in the event the acquisition is completed, in order to continue operating and remain a going concern, the combined company will need to obtain additional financing, either through borrowings, public offerings, private offerings, or some type of business combination (e.g., merger, buyout, etc.), and there can be no assurance that it will be successful in such pursuits. In the past, both companies have actively pursued a variety of funding sources including private offerings and have consummated certain transactions in order to address their respective capital requirements. However, the combined company may not be able to acquire the additional funding necessary to continue operating. Accordingly, if the combined company is unable to generate adequate cash from operations, and if it is unable to find sources of funding, it may be necessary for it to sell one or more lines of business or all or a portion of its assets, enter into a business combination, reduce or eliminate operations, liquidate assets, or seek relief through a filing under the U.S. Bankruptcy Code. These possibilities, to the extent available, may be on terms that result in significant dilution to the combined company's existing stockholders or that result in its existing stockholders losing all of their investment in the combined company.

Critical Accounting Policies and Estimates

Revenue Recognition

The Company recognizes revenue on arrangements in accordance with FASB ASC No. 605, *Revenue Recognition*. In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes sales of deals and texts when revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales and packages are recognized over twelve months. Revenue from monthly membership fees are recorded during the month the membership is earned.

The Company recognizes revenue from bike sales when delivered to our customers and collectability is reasonably assured.

Stock-Based Compensation

The Company recognizes compensation costs to employees under FASB Accounting Standards Codification No. 718, *Compensation - Stock Compensation*. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 505, *Equity Based Payments to Non-Employees*. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Recent Accounting Pronouncements

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, is to simplify presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The ASU does not affect the recognition and measurement guidance for debt issuance costs. For public companies, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-04, *Compensation Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*, permits the entity to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year. The ASU is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-05, *Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, provides guidance to customers about whether a cloud computing arrangement includes a software license. If such an arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the customer should account for it as a service contract. For public business entities, the ASU is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2015, FASB issued Accounting Standards Update (ASU) No. 2015-06, *Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions* , specifies that, for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a drop down transaction should be allocated entirely to the general partner. In that circumstance, the previously reported earnings per unit of the limited partners (which is typically the earnings per unit measure presented in the financial statements) would not change as a result of the dropdown transaction. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required. The ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Earlier application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors included in the Company s annual report on Form 10-K for the year ended December 31, 2014, before deciding whether to invest in the Company. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition.

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4.

CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial (and principal accounting) Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2015.

During our assessment of the effectiveness of internal control over financial reporting as of June 30, 2015 management identified significant deficiencies related to (i) the U.S. GAAP expertise of our internal accounting staff, (ii) the ability of our internal accounting staff to record our transactions to which we are a party which necessitates our bringing in external consultants to supplement this function, and (iii) a lack of segregation of duties within accounting functions. Therefore, our internal controls over financial reporting were not effective as of June 30, 2015 based on the material weakness described below.

insufficient monitoring controls to determine the adequacy of our internal control over financial reporting and related policies and procedures;

lack of competent financial management personnel with appropriate accounting knowledge and training;

our financial staff does not hold a license such as Certified Public Accountant in the U.S., nor have they attended U.S. institutions or extended educational programs that would provide enough of the relevant education relating to U.S. GAAP, nor have any U.S. GAAP audit experience;

we rely on an outside consultant to prepare our financial statements; and

insufficient controls over our period-end financial close and reporting processes.

As a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective as of June 30, 2015. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness; yet important enough to merit attention by those responsible for oversight of the Company's financial reporting.

Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. In order to mitigate the foregoing material weakness, we engaged an outside accounting consultant to assist us in the preparation of our financial statements to ensure that these financial statements are prepared in conformity to U.S. GAAP. This outside accounting consultant has significant experience in the preparation of financial statements in conformity with U.S. GAAP. We believe that the engagement of this consultant will lessen the possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis, and we will continue to monitor the effectiveness of this action and make any changes that our management deems appropriate. We expect to continue to rely on this outside consulting arrangement to supplement our internal accounting staff for the foreseeable future. Until such time as we hire the proper internal accounting staff with the requisite U.S. GAAP experience, however, it is unlikely we will be able to remediate the material weakness in our internal control over financial reporting.

We believe that the foregoing steps will remediate the material weaknesses identified above, and we will continue to monitor the effectiveness of these steps and make any changes that our management deems appropriate.

Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1.

LEGAL PROCEEDINGS

As previously disclosed, on February 11, 2015 the landlord for the Company's former office space located at 2400 East Commercial Boulevard, Fort Lauderdale, FL 33304 filed a motion for summary judgment in connection with the Company's failure to comply with the lease terms in the Circuit Court in 17th Judicial Circuit in and for Broward County, Florida. On April 22, 2015 the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court of the 17th Judicial Circuit in and for Broward County. As previously disclosed, the Company has accrued the full amount of rent and attorney costs in its December 31, 2014 audited financial statements.

ITEM 1A.

RISK FACTORS

Not applicable to smaller reporting companies.

ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the period covered by this report we have sold the securities below without registration under the Securities Act of 1933, as amended, under the exemption provided by Section 4(a)(2) of the Securities Act. The securities contain legends restricting their transferability absent registration or applicable exemption. No fees or commissions were paid in connection with any of the transactions.

On January 5, 2015 the Company sold a total of 50,000 shares of restricted common stock to an individual for proceeds of \$17,500. No commissions were paid.

From January 5, 2015 through June 16, 2015, the Company received an aggregate of \$225,000 from related parties for working capital in consideration of the issuance of unsecured convertible notes. These notes bear interest at 7% and are due 12 months from issuance of the respective note. The notes are convertible into shares of common stock at \$0.30 per share, subject to adjustment and certain limitations on conversion.

ITEM 3.

DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4.

MINE SAFETY DISCLOSURE

None.

ITEM 5.

OTHER INFORMATION

None.

ITEM 6.

EXHIBITS

Exhibit Number	Description
10.13	Form of Promissory Note in favor of PayMeOn, Inc. issued by Prodeco Technologies, LLC (previously filed as exhibit 10.13 to the Company's Form 10-K Annual Report for the year ended December 31, 2014)
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
<u>32.1</u>	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Interactive Data File

SIGNATURES

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

Date: August 19, 2015

PayMeOn, Inc.

By: /s/ Edward Cespedes
Edward Cespedes
Chief Executive Officer
Chief Financial Officer