Blink Technologies, Inc.
Form 10-Q
November 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 2014

Blink Technologies, Inc.
(Exact name of registrant as specified in Charter)

Nevada	**000-53564**	**26-1395403**
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employee Identification No.)

5536 S. Ft. Apache #102

Las Vegas, NV 89148

(Address of Principal Executive Offices)

(949) 903-9144

(Issuer Telephone number)

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.0001 par value per share

(Title of Class)

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

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 x

Indicate by check mark whether the registrant is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. At November 3, 2014 the registrant had outstanding 47,749,757 shares of common stock, $0.0001 par value per share. The registrant's common stock is listed under the symbol "PUNK.PK".

Transitional Small Business Disclosure Format Yes ¨ No x

Blink Technologies, Inc.

FORM 10-Q

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PART 1 – FINANCIAL INFORMATION

Item 1. Interim Financial Statements and Notes to Interim Financial Statements.

General

The accompanying reviewed interim financial unaudited statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Company's annual report on Form 10-K for the year ended September 30, 2013. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that can be expected for the year ending September 30, 2014.

BLINK TECHNOLOGIES, INC.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month period ended March 31, 2014

Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2014	September 30, 2013
ASSETS		
Current assets:		
Cash	$ 1,791	$ 51
Accounts receivable	34,200	-
Total current assets	35,991	51
Total assets	$ 35,991	$ 51
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 201,848	$ 61,115
Accounts payable - related party	116,763	11,533
Accrued interest	61,279	-
Convertible notes payable	344,809	-
Promissory note	129,506	-
Total current liabilities	854,205	72,648
Total liabilities	854,205	72,648
Stockholders' Equity (Deficit)		
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; issued and outstanding no shares at March 31, 2014 and September 30, 2013, respectively.	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized; issued and outstanding 43,950,602 and 24,000,000 at March 31, 2014 and September 30, 2013, respectively.	4,395	2,400
Additional paid-in capital	2,832,365	3,438,198
Accumulated (deficit)	(3,654,974)	(3,513,195)
Total stockholders' equity (deficit)	(818,214)	(72,597)
Total liabilities and stockholder's equity (deficit)	$ 35,991	$ 51

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

Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	**2013**	**2014**	**2013**
Sales	$ -	$ -	$ 23,155	$ -
Cost of sales	-	-	27,637	31,925
Gross profit	-	-	(4,482)	(31,925)
Operating expenses:				
General and administrative	67,456	1,038	109,043	6,506
Sales and marketing	(10,075)	-	23,149	-
Total operating expenses	57,381	1,038	132,192	6,506
Operating loss	(57,381)	(1,038)	(136,674)	(38,431)
Other income (expense):				
Interest expense	(6,672)	-	(6,672)	-
Debt settlement - related party	1,567	(75,000)	1,567	(75,000)
Total other expense	(5,105)	(75,000)	(5,105)	(75,000)
Net loss before income tax provision	(62,486)	(76,038)	(141,779)	(113,431)
Income tax provision (benefit)	-	-	-	-
Net loss	$ (62,486)	$ (76,038)	$ (141,779)	$ (113,431)
Net loss per common share - basic and fully diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average common shares outstanding - basic and fully diluted	32,838,273	69,505,000	26,394,438	69,505,000

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

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Blink Technologies, Inc.
(formerly ePunk, Inc.)
Condensed Consolidated Statements of Cash Flows (unaudited)

	Six Months Ended March 31, 2014	Six Months Ended March 31, 2013
Cash flows from operating activities:		
Net loss	$ (141,779)	$ (113,431)
Adjustments to reconcile net loss to net cash operating activities		
Common stock issued for services	-	75,000
Changes in operating assets and liabilities:		
Accounts receivable	(34,200)	-
Inventory	-	29,109
Due to related party	105,230	-
Accounts payable and accrued liabilities	36,311	-
Accrued interest	6,672	-
Net cash used in operating activities	(27,766)	(9,322)
Net cash provided by financing activities:		
Proceeds from promissory notes	29,506	-
Net cash provided by financing activities	29,506	-
Net decrease in cash	1,740	(9,322)
Cash - beginning of period	51	10,131
Cash - end of period	$ 1,791	$ 809
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Taxes paid	$ -	$ -
Interest paid	$ -	$ -
SUPPLEMENTAL NON-CASH DISCLOSURES		
Liabilities assumed in merger	$ 80,860	$ -
Notes payable assumed in merger	$ 444,809	$ -

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

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Blink Technologies, Inc.

(formerly ePunk, Inc.)

Notes to the Condensed Consolidated Financial Statements (Unaudited)

Basis of Presentation

The unaudited financial statements of Blink Technologies, Inc. as of March 31, 2014, and for the three and six months ended March 31, 2014 and 2013, have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting. Accordingly, they do not include all of the disclosures required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended September 30, 2013, as filed with the Securities and Exchange Commission as part of the Company's Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the interim financial information have been included. The Company did not record an income tax provision during the periods presented due to net taxable losses. The results of operations for any interim period are not necessarily indicative of the results of operations for the entire year.

Note 1 – Organization, Recent Accounting Pronouncements and Going Concern

Organization

Blink Technologies, Inc. (fka ePunk, Inc.)(the "Company", "we", "us" and "our") was originally incorporated under the laws of the State of Delaware on April 27, 2007 as Sewell Ventures, Inc. On January 29, 2010, the Company was re-domiciled to the State of Nevada.

On February 10, 2014, the Company (the "Legal Acquirer") entered into a Share Exchange Agreement ("Merger") with Blink Technologies, Inc. ("Blink Technologies", "Accounting Acquirer"), a Nevada corporation whereby the Company agreed to issue, on a pro rata basis, a total of 24,000,000 shares of the Company’s common stock, which represented 54.98% of the post-closing issued and outstanding shares of the Company, in exchange for all of the issued and outstanding common share capital of Blink Technologies. On June 26, 2014, the Company issued 24,000,000 shares of common stock due and allocated as of February 10, 2014, to sixty nine shareholders of record in accordance with the terms and conditions of the Share Exchange Agreement dated February 10, 2014. As a result, the Company (i) became the 100% parent of Blink Technologies; (ii) assumed the operations of Blink Technologies; (iii) changed its name from ePunk, Inc. to Blink Technologies, Inc. ; (iv) dissolved the original Blink Technologies, Inc. Nevada entity; and (v) experienced a change in control. The terms and conditions of the Merger give rise to reverse merger accounting whereby Blink Technologies is deemed the acquirer for accounting purposes. Consequently, the assets and liabilities and the historical operations of Blink Technologies prior to the Merger are reflected in the financial statements and have been recorded at the historical cost basis of Blink Technologies. Our financial statements include the assets and liabilities of both the Company (fka ePunk, Inc.) and Blink Technologies. The merger was accounted for under recapitalization accounting whereby the equity of Blink Technologies is presented as the equity of the combined enterprise and the capital stock account of Blink Technologies was adjusted to reflect the par value of the outstanding stock of the Company after giving effect to the number of shares issued in the business combination (19,950,602 shares). Shares retained by the Legal Acquirer (19,950,602 shares) are reflected as an issuance as of the reverse merger date (February 10, 2014) for the historical amount of the net liabilities of the Company.

Blink Technologies is based in Silicon Valley and is focused on delivering consumer technology solutions that enhance and expand the experiences people enjoy every-day while using essential electronic devices such as smartphones, tablets, and TVs.

Recent Accounting Pronouncements

On June 10, 2014, accounting principles generally accepted in the United States were amended to remove the definition of a development stage entity thereby removing the financial reporting distinction between development stage entities and other reporting entities. In addition, the amendments eliminate the requirements for the Company to present inception-to-date information and to label the financial statements as those of a development stage entity. The amendments are effective for the Company’s financial statements as of December 31, 2016, and interim periods therein; however, early application of each of the amendments is permitted for any reporting period. The Company has adopted the amendments and does not present inception-to-date information in the statements of operations, statement of changes in stockholders' deficit and statements of cash flows.

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification (“ASC”) 605, Revenue Recognition. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2016 and is to be applied retrospectively. The Company is in the process of evaluating the effect that ASU 2014-09 will have on its results of operations and financial position.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplate continuation of the Company as a going concern. In the course of funding business activities, the Company has sustained operating losses since inception, and, as of March 31, 2014, has an accumulated deficit of $3,654,974 and negative working capital of $818,214. The Company will continue to use capital and may not be profitable for the foreseeable future.

In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon achieving a profitable level of operations and on the ability of the Company to obtain necessary financing to fund ongoing operations. Management is planning to raise necessary additional funds for working capital through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital. If adequate funds are not available on reasonable terms or at all, it would result in a material adverse effect on the Company’s business, operating results, financial condition and prospects. Should the Company be unable to raise sufficient capital its operating plans will be limited to the amount of capital that it can access. These financial statements do not give effect to any adjustments which will be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Note 2 – Accounts Receivable

Accounts receivable of $34,200 as of March 31, 2014 represents the sale of 600 units of BiggiFi product to our distributor. The sale is subject to $11,045 of price protection which liability is included in accounts payable.

Note 3 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of $201,848 as of March 31, 2014 is comprised of $11,045 due to our distributor for pricing protection related to the sale of 600 units of the BiggiFi product, $56,767 due to an individual pursuant to a settlement agreement, $55,867 due to various vendors primarily related to professional services and $78,169 related to the discontinued operations of ePunk.

Accounts payable and accrued liabilities as of September 30, 2013 was $61,115, and reflects $56,767 due to an individual pursuant to a settlement agreement and $4,348 related to operating expenses.

Note 4 – Related Party Transactions

A related party with respect to the Company is generally defined as any person (i) (and, if a natural person, inclusive of his or her immediate family) that holds 10% or more of the Company's securities, (ii) that is part of the Company's management, (iii) that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

On September 1, 2013, the Company and Dean Miller entered into a Consulting Agreement whereby Mr. Miller will serve as the non-employee chief executive officer of the Company ("CEO") for an initial term of six months and successive three month periods unless terminated by either party on ninety days prior written notice. Mr. Miller is entitled to $9,000 per month and reimbursement of all Company related expenses paid directly by Mr. Miller. In addition, on September 15, 2013, Mr. Miller received 1,600,000 shares of restricted common stock (5,000,000 pre-merger shares). During the three and six months ended March 31, 2014, the Company accrued $27,000 and $54,000, respectively of compensation. No consulting related payments have been made to Mr. Miller.

Additionally, Mr. Miller has made payments for general operating costs on behalf of the Company. During the three and six months ended March 31, 2014, Mr. Miller paid $22,648 and $67,915, respectively. During the six months ended March 31, 2014, the Company reimbursed $12,750. As of March 31, 2014, the balance owed totaled $55,165.

Note 5 – Promissory Notes

Convertible Promissory Notes ("CPN") Assumed in Merger

As of March 31, 2014, the Company had the following CPNs:

Date of: Issuance	Maturity	Conversion Price	Status	Principle	Accrued Interest	Total Outstanding
01/28/11	07/28/11	$ 0.10	In default	$ 5,000	$ 1,268	$ 6,268
06/21/11	01/21/12	$ 0.10	In default	2,500	556	3,056
06/24/11	01/24/12	$ 0.10	In default	10,000	2,216	12,216
07/14/11	02/14/12	$ 0.10	In default	10,000	2,172	12,172
07/28/11	02/28/12	$ 0.10	In default	10,000	2,141	12,141
08/10/11	02/10/12	$ 0.10	In default	15,263	3,225	18,488
08/19/11	02/19/12	$ 0.10	In default	10,000	2,095	12,095

09/21/11	03/21/12	$	0.10	In default	21,500	4,349	25,849
10/12/11	04/12/12	$	0.10	In default	2,900	565	3,465
10/19/11	04/19/12	$	0.10	In default	7,500	1,438	8,938
11/09/11	05/09/12	$	0.10	In default	11,950	2,205	14,155
01/03/12	07/03/12	$	0.10	In default	11,817	2,119	13,936
02/27/12	08/27/12	$	0.10	In default	15,392	2,574	17,966
01/09/13	06/09/13	$	0.20	In default	75,021	7,334	82,355
02/08/13	08/08/13	$	0.20	In default	41,928	3,823	45,751
03/18/13	09/15/13	$	0.20	In default	35,185	2,915	38,100
05/22/13	11/22/13	$	0.20	In default	33,853	2,322	36,175
06/04/13	12/04/13	$	0.20	In default	25,000	1,644	26,644
					$ 344,809	$ 44,961	$ 389,770
Number of shares issuable upon exercise of the above debt upon default							2,752,567

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From time to time the Company has issued CPNs all with identical terms, including a maturity date six to seven months from the date of issuance, eight percent (8%) per annum interest rate, no requirement for any payments prior to maturity, and the right to convert the outstanding principle and interest in to into fully paid and non-assessable shares of the Company's common stock at a fixed conversion price of $0.10 or $0.20 per share upon default. The conversion privilege provides for net share settlement only. Pursuant to ASC 470-20-25-5, the Company determined that due to the market price of the Company's common stock being greater than the conversion price contained in each CPN on the commitment date, each CPN contained a beneficial conversion feature (“BCF”) with an intrinsic value in excess of the face amount of each CPN. The resulting discount to the Loan is recorded to interest expense upon default. The Company has not received notice from the holder of the defaulted notes to enforce collection. The Company communicates regularly with the holder who has not expressed a desire to force collection at this time.

During the three months ended March 31, 2014, the Company recognized $3,703 of interest expense related to the stated interest rate contained in the Company CPNs.

Non-Convertible Promissory Notes Assumed in Merger

$100,000

On March 19, 2012, the Company entered into a Securities Purchase Agreement, Guaranty and Note (the "Note") with Gemini Master Fund, Ltd. under which the Company issued a promissory note with a face amount of $280,000 and received net proceeds of $245,000. The Note matured six months from the date of issue, bears interest of twelve percent (12%) per annum on the face amount and is payable in full upon maturity.

On each of September 27, 2012 and October 3, 2012, the Company paid $100,000 against the principle balance of the Note and issued 20,000 shares of restricted common stock to Gemini Master Fund, Ltd. in exchange for their not exercising the default terms of the Note. On December 31, 2012, Gemini sold and Amalfi Coast Capital purchased the $100,000 balance remaining under the Note.

During the three months ended March 31, 2014, the Company recognized $1,611 of interest expense related to the Note.

Non-Convertible Promissory Notes

$29,506

On January 15, 2014, the Company entered into a Loan Agreement (the “Loan Agreement”) with Gemini Finance Group (the “Gemini”), a private corporation. Pursuant to the Loan Agreement, the Company received proceeds of $29,506 and issued a 24% Secured Promissory Note (the “Secured Note”) due on April 30, 2014, with interest compounded daily. The Note is secured by substantially all Company assets. The Company assigned all interest and right to the $34,200 receivable from our sale of 600 BiggiFi units to Gemini as repayment of the Secured Note. During the three months ended March 31, 2014, the Company recorded $1,358 of interest expense on the Secured Note.

Note 6 – Stockholders’ (Deficit)

Preferred Stock

The Company has authorized 25,000,000 shares of $0.0001 par value preferred stock available for issuance. No shares of preferred stock have been issued as of March 31, 2014.

Common Stock

On February 10, 2014, the Company authorized the issuance of 19,950,602 pursuant to its merger agreement dated the same. See note 7.

Note 7 – Merger

On February 10, 2014, the Company (fka ePunk, Inc.) (the "Legal Acquirer") entered into a Share Exchange Agreement ("Merger") with Blink Technologies, Inc., ("Blink Technologies", “Accounting Acquirer”) whereby the Company issued 24,000,000 shares of common stock representing 54.98% of the post-closing issued and outstanding shares in exchange for all 75,000,000 issued and outstanding common shares of Blink Technologies. As a result, the Company (i) became the 100% parent of Blink Technologies; (ii) assumed the operations of Blink Technologies; (iii) changed its name from ePunk, Inc. to Blink Technologies, Inc.; (iv) dissolved the original Blink Technologies, Inc. Nevada entity; and (v) experienced a change in control. The terms and conditions of the Merger give rise to reverse merger accounting whereby Blink Technologies is deemed the acquirer for accounting purposes. Consequently, the assets and liabilities and the historical operations of Blink Technologies prior to the Merger are reflected in the financial statements and have been recorded at the historical cost basis of Blink Technologies. Our financial statements include the assets and liabilities of both the Company and Blink Technologies. The merger was accounted for under recapitalization accounting whereby the equity of Blink Technologies is presented as the equity of the combined enterprise and the capital stock account of Blink Technologies is adjusted to reflect the par value of the outstanding stock of the Legal Acquirer after giving effect to the number of shares issued in the business combination (19,950,602 shares). Shares retained by the Legal Acquirer (19,950,602 shares) are reflected as an issuance as of the reverse merger date (February 10, 2014) for the historical amount of the net liabilities of the Company.

The unaudited pro forma financial information should be read in conjunction with the Company's financial statements and notes thereto.

Note 8 – Subsequent Events