SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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CelLynx Group, Inc.

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SIC: **3663** Radio & tv broadcasting & communications equipment

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2012
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: 000-27147

CELLYNX GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada	95-4705831
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4014 Calle Isabella San Clemente, California	92672
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (949) 305-5290
Securities registered pursuant to Section 12(b) of the Act None
Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.001 par value

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained herein, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

At March 31, 2012, the end of our second fiscal quarter, the aggregate market value of common stock held by non-affiliates of the registrant was approximately $690,165 based on the closing price of $0.001 as reported on the Over-the-Counter Bulletin Board.

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Number of shares of common stock outstanding as of December 31, 2012: 1,457,498,001.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements. Forward-looking statements include those that address activities, developments or events that we expect or anticipate will or may occur in the future. All statements other than statements of historical facts contained in this Annual Report, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth under the captions "*Risk Factors*" beginning on page 19, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 26, and elsewhere in this Annual Report. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise. We advise you to carefully review the reports and documents we file from time to time with the Securities and Exchange Commission (the "SEC"), particularly our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

As used in this Annual Report, the terms "we," "us," "our," "CelLynx" and the "Company" mean CelLynx Group, Inc. and its subsidiary, unless otherwise indicated. All dollar amounts in this Annual Report are expressed in U.S. dollars, unless otherwise indicated.

The disclosures set forth in this report should be read in conjunction with the financial statements and notes thereto of the Company for the year ended September 30, 2012. Because of the nature of a relatively new and growing company, the reported results will not necessarily reflect the operating results that will be achieved in the future.

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PART I

ITEM 1. BUSINESS

CelLynx Group, Inc. ("CelLynx" or the "Company") is in the business of the development of a line of cellular network infrastructure devices for use in the small office, home and mobile market places. This next generation cellular network extender, branded as 5BARz™ incorporates a patented technology to create a highly engineered, single-piece, plug 'n play unit that strengthens weak cellular signals to deliver higher quality signals for voice, data and video reception on cell phones, and other cellular devices. The technology is held under joint ownership with the Company's parent, 5BARz International Inc. ("5BARz"), and is being commercialized by 5BARz.

The Company's initial product, *the Road Warrior*, won the prestigious 2010 innovation of the year award at CES (the largest consumer electronics show in the world) for achievements in product design and engineering. The *Road Warrior*, has passed FCC Certification, and has been produced in limited quantities to date by a contract manufacturer in the Philippines.

The market opportunity for the 5BARz technology represents some 5.4 billion cell phone subscribers worldwide serviced by 900 cellular network operators. These cellular network operators represent the Company's primary point of entry to the Global marketplace.

The CelLynx business opportunity represents a significant step forward in the deployment of micro-cell technology, referred to as a 'cellular network infrastructure device" in the industry. A step that management believes will significantly improve the functionality of cellular networks by managing cellular signal within the vicinity of the user. This technology facilitates cellular usage in areas where structures, create "cellular shadows" or weak spots within metropolitan areas, and highly congested areas such as freeways, and also serves to amplify cellular signal as users move away from cellular towers in urban areas. The market potential of the technology is far reaching.

Corporate Background

CelLynx Group, Inc. ("CelLynx" or the "Company") was originally incorporated under the laws of the State of Minnesota on April 1, 1998, under the name "Cool Can Technologies, Inc." Effective July 12, 2004, the Company merged (the "Merger") with NorPac Technologies, Inc., its wholly owned subsidiary ("Nevada Sub"), for the purpose of reincorporating the Company in Nevada. The Merger was completed effective July 12, 2004, with the Nevada Sub as the surviving corporation. Upon completion of the Merger, the Company's name was changed to NorPac Technologies, Inc. ("NorPac"). On July 24, 2008, the Company closed another transaction with shareholders of CelLynx, Inc., a California corporation, in which it issued shares to the CelLynx Inc. shareholders in exchange for all of the outstanding shares of CelLynx Inc. Through this transaction, the Company acquired the cellular network extender business as its wholly owned subsidiary. This transaction has been considered a "reverse take-over" for accounting purposes.

Effective August 5, 2008, the Company changed its name to CelLynx Group, Inc. by merging another wholly owned subsidiary into the Company and assuming the subsidiary's name. On October 27, 2008, the Company's Board of Directors approved a change of the Company's fiscal year to September 30, 2008.

On March 29, 2012 5BARz International Inc. acquired a 60% controlling interest in CelLynx Group, Inc.

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Fiscal Year 2012 Events

Financing Arrangements

During the fiscal year ended September 30, 2012 the Company entered into a number of financings, pursuant to certain convertible promissory note arrangements. Those arrangements are as follows;

Date	Holder	Amount	Terms
January 5, 2012	Pickard & Green, CPA's	$50,000	Footnote (1)
January 10, 2012	Asher Enterprises Inc.	$15,000	Footnote (2)
May 24, 2012	Asher Enterprises Inc.	$37,500	Footnote (3)
September 4, 2012	Asher Enterprises Inc.	$12,500	Footnote (4)

(1) Pursuant to the Note agreement dated January 5, 2012, the Company received the principal amount of $50,000, by way of settlement of certain debts owed by the Company to Holder. The Note bears interest at a rate of 8%, and is due on July 3, 2012. Holder may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined to be the amount obtained by dividing the amount to be converted by the conversion price which is the lesser of $0.0013 per share or 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Holder is prohibited under the Note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held, would result in Holder owning more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance.

(2) On January 10, 2012, the Company entered into a Securities Purchase Agreement ("SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $15,000. The January 2012 note bears interest at a rate of 8%, and is due on October 10, 2012. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable determined to be the lesser of a fixed rate of $0.00015 per share or a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 25% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which

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the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

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The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing. On July 9, 2012, subsequent to the balance sheet date, the Company paid $31,582 in full settlement of the note principle, accrued interest and prepayment penalty.

In conjunction with the issuance of the January 10, 2012 Convertible Note, the Company and the Holder entered into a January 6, 2012 amending agreement to the discount terms of two previous convertible notes between the parties as follows;

- Convertible Note dated May 18, 2011 in the principle amount of $32,500 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined above (a 31% discount to market) to a conversion calculated to be the lesser of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.
- Convertible Note dated March 3, 2011 in the principle amount of $42,500 and with a remaining unpaid balance of $30,000 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined above (a 31% discount to market) to a conversion calculated to be the lesser of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.

(3) On May 24, 2012, the Company entered into a Securities Purchase Agreement ("SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $37,500. The May 2012 note bears interest at a rate of 8%, and is due on February 7, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

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(4) On September 4, 2012, the Company entered into a Securities Purchase Agreement ("SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $12,500. The September 2012 note bears interest at a rate of 8%, and is due on June 4, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

In the above transactions, the Notes were issued to accredited investors pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

These descriptions of the SPA and the Note are not complete, and are qualified in their entirety by reference to the SPA and the Note themselves.

The status of this transaction remains the same as of the date of this filing.

5BARz International, Inc. Agreements.

On March 29, 2012, the Company and 5BARz International, Inc. entered into a definitive set of agreements which super cede all previous agreements and amendments thereto. As a result of those agreements, the following arrangements between the Companies was established;

(i) 5BARz International, Inc. acquired a 60% interest in the patents and trademarks held by CelLynx Group Inc., referred to as the "5BARz™" technology. That interest in the technology was acquired for proceeds comprised of 9,000,000 shares of the common stock of the Company, valued at the date of acquisition at $0.20 per share or $1,800,000 USD. The acquisition agreement also clarified that the ownership interest in the "5BARz™" technology does represent that proportionate interest in income earned from the intellectual property. This acquisition of intellectual property represents an amendment to an original acquisition of a 50% interest in the CelLynx intellectual property for debt of $1,500,000 established on October 5, 2010.

(ii) 5BARz International, Inc. agreed to make available to CelLynx Group, Inc. a revolving line of credit facility in the amount of $2.2 million dollars of which $668,844 is the net amount advanced as of September 30, 2012. In addition, advances in the amount of an additional $139,700 had been made under the terms of the revolving line of credit, and was repaid by conversion of such amount into shares. As a result aggregate advances under the line of credit have been $808,544. This revolving line of credit facility expires on October 5, 2013. Under the terms of the line of credit facility, the Company has the right to convert amounts due under the facility into common stock of CelLynx, at a conversion rate which is the lesser of a fixed conversion rate of $0.00015 per share or a variable rate which is calculated at 25% of the average lowest three closing bid prices of the CelLynx Group, Inc. common stock for a period which is ten (10) days prior to the date of conversion. At March 31, 2012, the Company converted an initial $78,500 of the amount due under the revolving line of credit facility for 350,000,000 shares of the capital stock of CelLynx Group, Inc. As a result, CelLynx became a consolidated subsidiary of 5BARz International Inc., on March 29, 2012,with a 60% interest in the Company. Subsequent conversions aggregating $61,200 have been made to maintain the 5BARz International Inc. ownership interest at 60%.

(iii) Pursuant to the Master Global Marketing and Distribution agreement between 5BARz International Inc. and CelLynx Group, Inc., 5BARz International, Inc. was obligated to pay to CelLynx Group, Inc. a royalty fee amounting to 50% of the Company's Net Earnings. That fee would be paid on a quarterly basis, payable in cash or immediately available funds and shall be due and payable not later than 45 days following the end of each calendar quarter of the year. The asset acquisition agreement amendment referred to herein specified that the royalties would be paid in relation to the ownership of the intellectual property.

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Change in Management

Mr. Norm Collins Sr., who has served as a Director on the CelLynx Group, Inc., Board of Directors since July 2008, and as the Chairman of the Board since July 2010, has recently passed away. As a result, the Company held a Board of Directors meeting on October 13, 2012 to formally end Mr. Collins term of service with the Company. At that date, in addition to his Directorship, Mr. Collins acted as the interim Chief Executive Officer for the Company as well as the Chief Financial Officer. Further, Mr. Collins served on a committee of the Board of Directors, to search for a new CEO for the Company. On October 17, 2012, the Company issued a press release announcing the fact that Mr. Norm Collins Sr. had passed away, and the loss of Mr. Collins as a valued director and officer of CelLynx Group, Inc.

On October 13, 2012 the Board of Directors of CelLynx Group, Inc. appointed Mr. Dwayne Yaretz as the Chief Executive Officer as well as the Chief Financial Officer for the Company. Mr. Yaretz has been a Director of CelLynx Group, Inc. since December 19, 2009

BUSINESS

Overview of CelLynx

CelLynx Group, Inc. is developing products based upon the patented technology underlying the 5BARz™ brand, which represent the next generation of cellular network extenders for use in the small office, home and mobile market places. This next generation product line, branded as 5BARz™ incorporates a patented technology to create a highly engineered, single-piece, plug ‘n play unit that strengthens weak cellular signals to deliver higher quality signals for voice, data and video reception on cell phones and other cellular devices.

The Company’s initial product, *the Road Warrior, a “cellular network extender’*, won the prestigious 2010 innovation of the year award at CES (the largest consumer electronics show in the world) for achievements in product design and engineering. The *Road Warrior*, has passed FCC Certification, and has been produced in limited quantities to date by a contract manufacturer in the Philippines.

History and Development of CelLynx

CelLynx assembled a veteran engineering team with extensive cellular radio frequency (RF) experience headquartered in Sacramento, California. Within eight months, this team, with more than 80 years of combined experience in building RF products, developed working prototypes of an affordable consumer friendly single piece plug ‘n play booster with a minimum of 45dB of gain in both up and down paths. By late 2007, a pre-production prototype had been developed. At that time, CelLynx entered into a merger agreement with NorPac Technologies, Inc., a Nevada corporation trading on the Over-the-Counter Bulletin Board (OTC BB).

Milestones

2007: A 5BARz working prototype was developed of an affordable consumer friendly single piece plug ‘n play booster with a minimum of 45dB of gain in both up and down paths.

July 2009: First production run and FCC Certification of 5BARz Road Warrior

August 2009: Field testing and final modification of 5BARz Road Warrior

January 2010: 5BARz Road Warrior Selected as CES Innovations 2010 Design and Engineering Award. Marketing commenced in the US.

2011 – CelLynx Group Inc. work with 5BARz International Inc. who engage sales agents in Latin America, to present prototype products to R&D departments at major wireless carriers in the region, with positive results.

July 2011 – The Company received initial purchase order for the balance of limited production in the 5BARz Road Warrior units comprised of 16,000 units or $3.2 million dollar purchase order.

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February/March 2012 – The Company's affiliate, 5BArz International Inc. formed an Advisory Board comprised of leading executives within the technology sector to assist in the integration of the 5BARz technology and products into global markets.

Dr. Gil Amelio	– Director ATT, Former CEO –Apple Computer
Mr. Marcelo Caputo	– CEO Telefonica USA
Mr. Finis Connor	– Founder of Seagate Technology and Connor Peripherals
Mr. George Lauro	– Co-founder of Alteon Capital Partners with Dr. Amelio

March 2012 – 5BARz International Inc. completed the acquisition of a 60% interest in CelLynx Group, Inc., developing a fully integrated subsidiary for the global deployment of the 5BARz business opportunity.

July/ August 2012 – Companies secure investment banking support to finance commercialization operations.

August 2012 – Internal Engineering achieve initial presentation stage units of the revised cradle-less 5BARz cellular network extender with several new and improved features over the Road Warrior unit.

The Market Opportunity

The market opportunity for the CelLynx technology represents some 4.8 billion cell phone subscribers worldwide and is growing as a result of the following factors;

- Dead zones, weak signals, and dropped calls are the biggest problems in the industry. Now, by adding internet and video, the quality issue is increasing exponentially.
- 76% of cellular subscribers use their mobile phone as the primary phone
- More consumers are using mobile phones for web browsing, up and down- loading photos, videos and music
- More mobile phones are operating at higher frequencies which have less ability to penetrate buildings
- Weak signals make internet applications inaccessible and slow and increase the drain on cell phone batteries.
- Forty percent of all mobile phone users report inadequate service in their homes or office and we estimate that 60% of the 4.8 billion mobile phone users worldwide consider continuous connectivity to be very important.

Why Poor Signals Exist

A variety of factors may cause dropped calls and dead zones, including congestion, radio signal interference, tower hand-off, and lack of coverage. Despite continued infrastructure investment by operators, and antenna technology improvements by base station providers and mobile phone makers, these problems will continue for the foreseeable future. This is because many of the contributing factors can't be controlled by the operators and manufacturers. To understand how innovative 5BARz products are in improving phone signals, it's first important to understand the causes of poor signal quality.

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Congestion

In 1999, sales of mobile phones surpassed combined sales of personal computers and automobiles. By 2010, mobile phones had replaced land-line phones in 30% of U.S. households. Smart phones, led by iPhones and Android phones, have become indispensable personal assistants. Laptop computer sales outnumber desktop computer sales, and most laptops are equipped with cellular data chipsets or USB modems. Apple's iPad has sparked the connected tablet market too. Vending machines, automobiles, mobile sensors, and many other devices include "machine to machine" cellular data modules. As a result, the number of cellular voice and data devices will soon exceed the number of people on Earth.

If sheer numbers weren't enough, new uses for mobile devices are causing even faster growth in bandwidth usage. Obvious uses include video entertainment, videoconferencing, downloaded and streaming music, MMS, email, and application downloads. Facebook, Twitter, Foursquare, and many other social networking applications put further load on operator networks. Also, surprising sources of traffic have emerged, such as deliberate "miscalls". A miscall is when one subscriber calls another, but hangs up before the receiving party answers. Since operators don't charge for these uncompleted calls, subscribers are using miscalls as a free way to communicate. In India, orders for milk are made this way. In Syria, five miscalls in a row signals the recipient to "go online" to the Internet and chat. In Bangladesh, it's estimated that up to 70% of traffic at peak times is due to miscalls. This practice isn't limited to countries with low per-capita income, and yet it places a high load on operator networks.

There are sources of congestion based on location and time, too. Transportation clusters like airports, major highway intersections, bridges, and toll road gates all bring many people together at peak times. Also, because of home land-line replacement, many residential neighborhoods have many mobile phones in simultaneous use in mornings and evenings. Lastly, local population growth and immigration can result in too many phones for existing infrastructure. Due to long planning times, investment requirements, local government permits, and construction time, it's difficult for infrastructure to keep up with the pace of change in many developing areas, especially in growth countries.

Radio Signal Interference

Interference comes from both obvious and subtle causes. Certain materials aren't transparent to radio signals, especially durable materials used in buildings, large structures, and even automobiles. As a result there are radio shadows in which a mobile phone can't sense the signal from a base station. In addition, radio signals from adjacent channels or reflected signals can interfere with each other due to wave cancellation effects. In some cases these forms of interference primarily attenuate the signal (make it weaker). However, interference can also add noise, so that the ratio of signal to noise becomes too low for the mobile phone and the base station to understand each other.

Tower Hand-Off

Mobile phone networks are called "cellular" networks because they are made up of overlapping areas of coverage that are provided by base stations in fixed locations. As a mobile subscriber travels by automobile or train, he will eventually reach the limit of a base station's coverage. At that point, his mobile phone will "hand off" to a base station for the next coverage area. If signal quality is poor due to interference, or if the new base station is congested with too many mobile phones, the subscriber's connection may be lost.

Lack of Coverage

Some rural or developing areas don't have enough people or population density for operators to justify the cost of installing base stations except at wide intervals. In these areas the signal strength from the base station or the mobile phone may be too low to create or maintain a connection. This results in "dead zones" or dropped calls.

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Solutions to Poor Signal Quality

Operators know that dead zones, dropped calls, and poor voice quality are big problems, and that re-dialing while driving can be unsafe. Operators also are concerned about subscribers' ability to make emergency calls. They understand that people rely on mobile phones for business and connecting with family. As mobile phones replace landlines, operators are especially aware that mobile signal quality is critical. Operators also see that wireless data is increasingly important for personal and business use.

To help, operators work with phone and base station manufacturers to improve antenna performance. They invest in new base stations in growth areas. They invest in technologies that enable more connections per base station. Operators have even provided refunds for dropped calls.

However, many factors causing poor signal quality can't be controlled by operators. Therefore products have emerged to help, provided by operators or companies who sell to either operators or subscribers.

Femtocells

Operators can provide femtocells to subscribers with poor signal quality at home. Usually the subscriber pays for hardware, installation, or a monthly fee. Femtocells are carrier grade, and are like small base stations that communicate with operators by using the home Internet connection as a "backhaul". They often can't be moved after installation, must be installed by a skilled technician in order to work properly and to avoid causing network problems. Many femtocells provide only a voice connection, not data. Lastly, femtocells usually only work with phones from one operator, so families with phones from multiple operators may have to request multiple femtocells.

Repeaters

Repeaters are usually carrier-grade equipment and are programmed for a specific operator. They extend cellular networks into buildings and small offices. As with femtocells, installation is complex and if not done properly they can cause network problems. Unlike femtocells, repeaters do not use the local Internet connections, but rather receive and re-transmit the signals between base stations and mobile phones.

Boosters

Boosters are usually sold online and through retail. They vary widely in amplification power, quality of amplification, and power balance. For example, these products amplify signals at 1, 3, 5, or even 10 watts all the time. Using power over 1 watt increases the probability that a booster will interfere with surrounding mobile devices. Also, it would be more energy efficient to adapt amplification power as needed, rather than to simply use the same wattage constantly. Many boosters don't support balanced power in both directions between base station and mobile phone. This may result in only solving the signal quality problem in one direction. Since communication is bi-directional, this doesn't actually solve the problem. Varying quality of amplification also introduces noise, which can interfere with surrounding devices.

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A New Class of Solution

CelLynx has evaluated the causes of poor signal quality, the needs of both operators and subscribers, and the solutions in the market. Femtocells, repeaters, and boosters either don't solve all parts of the problem, or aren't optimal due to cost or other drawbacks. Using expertise from a team of engineers who designed sophisticated base station amplifiers for operators, CelLynx has developed a new class of carrier-grade technology. This is a hybrid of repeaters and boosters, and is intended for automotive, home, and office use. 5BARz has tested these products in the lab, in the real world, and with operators, and also won the Innovation of the Year award at the 2010 CES conference. These products advance the state of the art to provide the following advantages;

Low Power Use

5BARz products only amplify when required. The automotive products use less than 1/2 watt, while the home product uses less than 1 watt. This not only saves energy, but also minimizes interference with other wireless devices and the network itself. In fact, new rules being proposed by the U.S. Federal Communications Commission are expected to mandate low power standards such as 5BARz now provides.

Simple Setup

5BARz products don't require a technician to run wires, carefully determine proper location, or optimize orientation. No use of home Internet connection is required, and there are no switches or settings.

Balanced Amplification

Received and sent signals need balanced assistance in order for both directions of a communication channel to be improved. 5BARz products are not only *smart* about adapting amplification levels, but also about balancing amplification for incoming signals from the base station, and return signals from the mobile phone.

Signal Stability

CelLynx has done extensive design, testing, and re-design to avoid a number of problems experienced by the antenna design of alternatives. For example, booster products can experience oscillations when people, animals, or vehicles move nearby. These oscillations can weaken the booster effect or cause interference with other wireless devices. Many booster products achieve size similar to 5BARz' products by putting antennas close together in the same product package, but don't optimize radio wave interactions between those antennas. This weakens the boosters' effectiveness, and is one reason why other manufacturers compensate by using too much wattage, in turn wasting power and increasing the probability of interfering with other radio frequency devices and the network.

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Choosing the Right 5BARz Product

CelLynx has one model in production and three in development of three mobile products with a range of features and prices, as well as a home/office product:

Road Warrior	The Road Warrior won the 2010 CES Innovation of the Year award for product design and engineering. It improves wireless voice and data signals in the home, office, or vehicle. It works with any wireless operator, needs no installation, and can easily be moved. The Road Warrior features real-time radio frequency monitoring, self-adjusting radio frequency levels, and balanced power control for incoming and return signals. It is FCC compliant, and supports 3G cellular and PCS bands. There is no backhaul (Internet connection) required. The 45 dB maximum gain is limited to the small area around the phone cradle.

5BARz SC	The 5BARz SC provides the benefits of the Road Warrior in a single unit (with optional cradle) with a larger coverage area of about 2 meters. It only amplifies communication signals, not noise. In addition to the 45 dB gain and features of the Road Warrior, the Road Warrior II provides a medium power option, and radio frequency band auto configuration. In addition, the Road Warrior II uses a state-of-the-art, high-performance antenna by Pinyon™.

5BARz 4G	The 5BARz 4G is a single unit package with a 45 dB gain and a coverage area of about 2 meters. It provides the features and benefits of the Road Warrior II, but additionally supports a full radio frequency range of 700Mhz to 2.6Ghz, and supports 4G. It also supports multiple phones simultaneously. It is also programmable according to operator requirements.

5BARz 3000	5BARz 3000 product provides a 70dB maximum gain at a maximum power of 0.6 watts, with coverage over a large area inside the home. It supports 3G and 4G, both voice and data, for multiple phones simultaneously. 5BARz 3000 is a single unit package with both antennas in the base unit. It is a carrier-grade product and operator configurable (fully programmable from 700Mhz to 2.6Ghz). It includes patent-pending isolation feedback, with radio frequency isolation typically 30dB better than the Road Warrior. 5BARz 3000 can optionally be configured with GPS and wireless LAN.

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Intellectual property

CelLynx technology is based on achieving unique isolation between antennas, without oscillation greatly improving signal gain for individual, home and office coverage.

Title	Patent Application	Patent Issued
Cell Phone Signal Booster	11/625331	8005513
Dual Cancellation Loop Wireless Repeater	12/106468	
Wireless Repeater Management Systems	12/328076	
Dual Loop Active and Passive Repeater Antenna Isolation Improvement	12/425615	
5BARz Trademark	78/866260	
Multi-Band Wireless Repeater	12/235313 + Foreign filings	8027636
Antenna Docking Station	12/625347	
Turning Weak Spots Into Sweet Spots Trademark	78-938374	

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Comparative Analysis

	5BARz	Femtocell	Traditional Repeaters
Options for Consumer	• Plug and play solutions that significantly improve wireless service	• Carrier-specific box that connects to the internet through the broadband service at the home and acts like a short-range network tower site	• Bi-directional amplifier and external antennas Installation of antennas required with minimum spacing of 35 feet or more between the antennas
Easy to Understand	• Simply place the unit where there is some or marginal wireless service, turn on the unit and the voice and data wireless service is improved for everyone	• Connect the unit to your broadband service where your router is located and the **voice only** wireless service should be improved throughout the home	• Need to determine what the two pieces of equipment, cables, and multiple power cords are for • Complex manual … Determine the ideal location for both antennas, outdoor network antenna and indoor coverage antenna, then determine ideal location for the bi-directional amplifier for proper cable routing to the antennas •
Cost	• One-time equipment charge only$299 5BARz Road Warrior	• Equipment charge $250 for each carrier, 2 carrier house or SOHO equals $500 equipment charge Equipment won't work if you change carriers Possible monthly fee Requires use of broadband service	• Equipment charge starting at $350 for dual band Professional installation starting at $200 Higher performance antennas starting at $100
Setup	• Plug 'n play No adjustments One part works for all carriers	• Carrier-specific set up May require ISP support Currently Voice Only	• Go on roof to measure signal level; outdoor network antenna placement based on testing for 2 bars or more signal strength Antennas need to be spaced 35 feet or more apart
Reliability	• Designed by engineers and brought to production by managers trained in the Six Sigma quality process Self contained, fewest cables/ connectors • Oscillation suppression circuitry	Broadband vulnerable: Degraded broadband throughput Power outage Depends on carrier down/power down on carrier command Intermittent handoffs with macro network	• External antennas less reliable Connectors Outdoor mounting Oscillation prone
Installation	• None; Plug 'n play	• Needs to be collocated with broadband service GPS antenna may need to be installed near a window with a cable going to the femtocell	• Professional installation recommended

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Sales and Marketing Strategy

CelLynx will address the U.S. and International market place through the Master Global Marketing, Distribution Agreement assigned to 5BARz International.

Operating and Manufacturing Strategy

CelLynx's management and engineering team are in the process of establishing top-tier off shore manufacturers.

The Company is aware of the advantages of partnering with a reputable contract manufacturer ("CM"). In this case, CelLynx will leverage manufacturing practices at minimal cost, providing immediate benefits from multiple manufacturing locations with a trained and experienced technical work force, state-of-the-art facilities and knowledge of all aspects of supply chain management, operational execution, global logistics and reverse logistics.

CelLynx has selected a contract manufacturer in the Philippines which produced the first 220 units in coordination with the Company's engineering team. The first initial mass production units were used for UL testing, product demonstrations, and remaining FCC approved units were sold as initial sales.

Competition by Market Segment

The residential wireless amplifier competitors: Most of the companies in this industry are slow to offer plug 'n play single-unit solutions such as CelLynx. In fact, companies such as Wilson, Wi-Ex and CellAntenna, offer two-piece, 'cable connected amplifier-to-antenna' solutions requiring complex installation enabled only by tech savvy users or professional installers and at considerably higher prices than CelLynx.

The mobile vehicle market competitors: A few companies such as Wilson, Digital Antenna and Richardson (Call Capture) are focused on the vehicle market. Again, however, most of these vehicle solutions require complex installation including roof top mounting of antenna and, in some cases, a direct connection between the cell phone and the roof top antenna.

The Wireless enterprise solution providers as competitors: While the equipment manufacturers in the enterprise market such as Wilson, EMS Wireless and Radioframe Networks are attempting to enter the residential market, their products are engineered for commercial enterprises requiring complex installation and as a result are expensive as compared to the CelLynx solution.

While each of the above competitors has solutions for certain market segments such as large buildings and warehouses, there is no dominant market leader in the Home, Office, and Vehicle segments of the Market. CelLynx believes that the total indoor and vehicle cell signal amplification market will experience exponential growth through the commercialization of products such as those being offered by CelLynx. As compared to the current products in the marketplace, CelLynx's key sustainable competitive advantage is in its patent pending technology providing for compact, plug 'n play, consumer friendly and affordable product lines.

The CelLynx Technology

The plug 'n play aspects of the CelLynx cellular booster demanded complex algorithms and intuitive interfaces. Further complicating the challenge, the booster required a full duplex linear amplifier providing up to 45db of gain in both RX and TX paths and directional antennae with one inch of separation and 70db of isolation between them. It further required an active feed-forward cancellation in both the RX and TX links with real time correction and an active Automatic Gain Control for both links running in sync with the active feed-forward cancellation. Typically, a repeater simply boosts off the air cell phone signals so operating performance of a repeater can be related to the amount of boost reliability delivered by the repeater.

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System gain is the measure of boost in decibels or dB. The major obstacles to reliable gain in a repeater are isolation and linearity. Linearity is a function of the amplification in the active portion of the repeater. Generally, the amplifiers in a repeater are designed to operate class A and the usable output power is de-rated from the maximum output power by 10dB or 90% below the saturated output of the amplifier. Isolation is the measure of separation of the input from the output of the repeater. If the separation is less than the system gain, the result will be similar to the feedback screech heard when a microphone is placed too close to a loud speaker. In practice, isolation has proven to be the Achilles heel of repeaters because unlike linearity, improvements in isolation have proven to be costly and unmanageable.

Traditionally the low tech approaches to achieving the isolation necessary for adequate repeater performance includes vertical and horizontal spacing of the two antennae, as with a speaker and microphone. In most cases this horizontal spacing requires approximately ten times the distance of vertical spacing. CelLynx has used a high tech approach to deal with the real world environment resulting in a superior product delivering high performance. Not only did the team meet the challenge, but in the process they developed a user friendly, affordable unit that is protected by a patent portfolio.

Government Regulation and Probability of Affecting Business

Our products are subject to Federal Communications Commission ("FCC") and Underwriter Laboratories ("UL") certifications. We have submitted samples of our products to both agencies according to our product development process, and these certifications have been granted.

In WT Docket # 10.4, the Wireless Bureau of the FCC is seeking comments on petitions regarding the use of signal boosters and other signal amplifier techniques used with wireless services. The Company has submitted reply comments differentiating itself from the rest of the industry due to its patent-pending low power emission technology which makes its Signal Extenders transparent to cellular networks. In other words, we believe that our technology does not interfere with the network signals. The Company feels that its differentiation from the booster industry will be accepted by the FCC, although there can be no guarantee of such acceptance.

In addition, because we plan to market and sell our products in other countries, importation and exportation regulations may impact our activities. A breach of these laws or regulations may result in the imposition of penalties or fines, suspension or revocation of licenses. We are not currently involved in any such judicial or administrative proceedings and believe that we are in compliance with all applicable regulations. Although it is impossible to predict with certainty the effect that additional importation and exportation requirements and other regulations may have on future earnings and operations, we are presently unaware of any future regulations that may have a material effect on our financial position, but cannot rule out the possibility.

Compliance with Environmental Laws

CelLynx is not required to comply with any environmental laws that are particular to the cellular amplifier industry. However, it is Company policy to be environmentally conscience in every aspect of its operations.

Employees/Contractors/Consultants

CelLynx had no full-time employees during 2011 and early 2012 but it was found that, at this stage of our product development, it has been more efficient for the engineers and software designers to work as independent contractors. Therefore, the company has switched to that business model for talent. Additionally, the Company has engaged several consultants to assist with development of product. CelLynx is not affiliated with any union or collective bargaining agreement. While the employees were laid off in 2010, there have been no adverse labor incidents in the history of CelLynx. Management believes that its relationship with its current contractors and consultants is good.

Corporate Information

CelLynx's principal executive offices are located at 4014 Calle Isabella, San Clemente, California 92672. CelLynx's main telephone number is (949) 305-5290.

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ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

Need for Additional Financing

The Corporation will not be able to complete its business plan without obtaining additional financing in the near future. If this additional financing is not available or obtainable, the Company may not be able to continue as a going concern. The Corporation has no immediate means for obtaining additional financing. There can be no assurance that such additional financing, when necessary, will be available to the Corporation on acceptable terms, or at all.

Dependence on Outside Consultants

The director of the Corporation has no significant experience in the marketing of cellular extender technology and may be dependent on outside consultants to assist in developing the Corporation's business. Failure to establish relationships with consultants or loss of such relationships could adversely affect the business of the Corporation.

Limited Operating History, Risks of a New Business Venture

The Corporation was incorporated on April 1, 1998 and to date has been involved primarily in organizational and development activities and has had no revenues. The likelihood of success must be considered in light of the problems, expenses, difficulties complications and delays encountered in connection with the development of a business in the areas in which the Corporation intends to operate and in connection with the formation and commencement of operations of a new business in general. These include, but are not limited to, unanticipated problems relating to technology, intellectual property rights, marketing and additional costs and expenses that may exceed current estimates. There is no history upon which to base any assumption as to the likelihood that the Corporation will prove successful, and there can be no assurance that the Corporation will generate any operating revenues or ever achieve profitable operations.

Competition

The business environment in which the Corporation intends to operate is highly competitive. The Corporation expects to experience competition from companies involved in the wireless industry. Certain of the Corporation's potential competitors will have greater technical, financial, marketing, sales and other resources than the Corporation.

Potential Legal, Regulatory, and/or Compliance Risk

The Corporation may be required to comply with certain regulations, rules, and/or directives. Potential regulatory conditions and/or compliance therewith and the effects of such may have a materially adverse effect upon the Corporation, its business operations, prospects and/or financial condition.

We may not be able to adequately protect our intellectual property rights.

Protecting our global intellectual property rights and combating unlicensed copying and use of intellectual property is difficult, and the Company may lack the resources to adequately protect those assets.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our fiscal year 2012 that remain unresolved.

ITEM 2. PROPERTIES

Our corporate offices are located at 4014 Calle Isabella, San Clemente, California, which represents the offices of a consultant to the Company.

We do not anticipate investing in real estate or interests in real estate, real estate mortgages, or securities of or interests in persons primarily engaged in real estate activities. We currently have no formal investment policy, and we do not intend to undertake investments in real estate as a part of our normal operations.

ITEM 3. LEGAL PROCEEDINGS

As earlier reported in the Company's Form 10K and 10Q, the Company was a Defendant in an action brought by Dophinshire L.P. regarding its office space in Mission Viejo, CA. That action has since been dismissed. Dolphinshire L.P., a California limited partnership v. CelLynx Group, Inc., a Nevada corporation and Does 1-10, Superior Court of California, Orange County, Case No. 00521213. On November 8, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 25910 Acero, Suite 370, Mission Viejo, CA 92691 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties and has moved the general office to 4014 Calle Isabella, San Clemente, CA 92672.

A similar action for past due rent has been filed as to its facility in El Dorado Hills, CA. CSS Properties, v. CelLynx Group, Inc., and Does 1-10, Superior Court of California, El Dorado County, Case No. PCU 2 0 110442. On October 12, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 5047 Robert J Matthews Parkway, El Dorado Hills, CA 95762 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties.

As had been previously reported in the Company's Form 10K and 10Q, the Company was facing claims for back wages by some of its former employees. Some of those claims have been partially paid and others were expected to be paid in the normal course of business or were to be otherwise defended. Those claims have now been incorporated into California Labor Commission awards in favor of those former employees. Those awards total approximately $312,986.45 depending on interest charges. The first award has been converted into a judgment in the amount of $118,224. Management had negotiated a monthly payment plan amounting to $10,000 per month commencing on February 1, 2012 and every month thereafter until the judgment has been satisfied. This agreement is now in the process of revision.

The Company has received a Cease Trading Order from the British Columbia Securities Commission (BCSC) alleging that the Company is in violation of the British Colombia reporting requirements. The BCSC has assumed that since two the Company's Directors are domiciled in BC that the company is controlled out of BC and therefore subject to its reporting requirements. The Company is appealing the issuance of the CTO, and is awaiting response from the BCSC to the application for release made during 2012.

With the exception of the actions reported above, we know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our company.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common stock, par value $0.001 per share, is traded on the Over-The-Counter Bulletin Board ("OTCBB") under the symbol "CYNX." The following table sets forth, for each quarter within the last two fiscal years, the reported high and low bid quotations for the Company's common stock as reported on the OTCBB. The bid price reflects inter-dealer quotations, do not include retail markups, markdowns or commissions and do not necessarily reflect actual transactions.

QUARTER	HIGH ($)	LOW ($)
Quarter ended December 31, 2010	$0.2200	$0.1200
Quarter ended March 31, 2011	$0. 0450	$0. 0161
Quarter ended June 30, 2011	$0. 0290	$0. 0069
Quarter ended September 30, 2011	$0. 0018	$0. 0150
Quarter ended December 31, 2011	$0. 0006	$0. 0033
Quarter Ended March 31, 2012	$0.0015	$0.0007
Quarter Ended June 30, 2012	$0.0030	$0.0005
Quarter Ended September 30, 2012	$0.0007	$0.0004

Holders

As of September 30, 2012, there were approximately 153 shareholders of record of our common stock based upon the shareholder list provided by our transfer agent. Our transfer agent is Signature Stock Transfer located at 2632 Coachlight Court, Plano, Texas 75093, and their telephone number is (972) 612-4120.

Dividends

We have not declared any dividends on our common stock since our inception. Our current policy is to retain any earnings in order to finance the expansion of our operations. Our board of directors will determine future declaration and payment of dividends, if any, in light of the then-current conditions they deem relevant and in accordance with applicable corporate law. There are no dividend restrictions that limit our ability to pay dividends on our common stock in our Articles of Incorporation or Bylaws. Chapter 78 of the Nevada Revised Statutes (the "NRS"), does provide certain limitations on our ability to declare dividends. Section 78.288 of Chapter 78 of the NRS prohibits us from declaring dividends where, after giving effect to the distribution of the dividend:

(a) we would not be able to pay our debts as they become due in the usual course of business; or

(b) except as may be allowed by our Articles of Incorporation, our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders who may have preferential rights and whose preferential rights are superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Recent Sales of Unregistered Securities

The following summary provides details of all securities sold by the Company for the past three years, which were not registered under the securities act.

Fiscal Year 2010

In December 2009 and January 2010, the Company conducted a private placement of units (the "Units"). Each Unit consisted of 16,667 shares of the Company's common stock, par value $0.9001 per share (the "Common Stock") and a warrant (the "Warrant") to purchase up to an additional 16,667 shares of Common Stock, with an exercise price of $0.20 per share. Thirteen investors purchased Units in the Unit Offering. In connection with the offering of the Units, the Company granted re-sale registration rights to the investors. The Company filed a registration statement on Form S-1 on March 10, 2010, which was declared effective on March 22, 2010.

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The Unit Offering was made without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On January 8, 2010, the Company issued 280,112 shares of common stock for legal services valued at $67,227.

On January 15, 2010, the Company entered into a consulting agreement with Seahawk Capital Partners, Inc. The Company issued 1,000,000 shares of Company restricted stock and 2,000,000 warrants upon signing of agreement. In addition, the Company agreed to issue an additional 50,000 shares of restricted Company stock per month for the term of the agreement.

On February 10, 2010, the Company issued 190,000 shares of the Company's restricted commons stock to unrelated parties in connection with an agreement entered into on June 30, 2009, to provide the Company capital introduction services. The Company agreed to pay 3.33 shares of common stock for every dollar raised.

On March 10, 2010, the Company issued 2.5 million shares of common stock for a one year consulting agreement with an unrelated party. As additional compensation, the Company issued 2,500,000 million warrants with an exercise price of $0.001 which may only be exercised after June 9, 2010, and subject to the terms and conditions of the warrant agreement.

On March 31, 2010, the Company entered into a subscription agreement with an unrelated party and issued 980,000 shares of $0.001 par value common stock for $0.10 per share with 980,000 detachable warrants. The warrants have an exercise price of $0.25 and expire on December 31, 2012.

During the six months ended March 31, 2010, the Company issued 1,945,486 shares of common stock for consulting services.

During the three months ended March 31, 2010, the Company had issued 6,290,792 of common stock as part of the conversion of convertible notes settled during the period.

During the six months ended March 31, 2010, the Company issued 2,000,000 shares of $0.001 par value common stock for $0.10 per share with 2,000,000 detachable warrants. The warrants have an exercise price of $0.10 and expire on April 1, 2012.

During the six months ended March 31, 2010, the Company issued 11,516,757 shares of $0.001 par value common stock for $0.06 per share with 11,516,757 detachable warrants. The warrants have an exercise price of $0.20 and expire on December 1, 2012.

During the six months ended March 31, 2010, the Company entered into subscription agreements and issued 8,500,000 shares of $0.001 par value common stock for $0.06 per share with 8,500,000 detachable warrants. The warrants have an exercise price of $0.20 and expire on December 31, 2012.

On April 12, 2010, the Company entered into a subscription agreement with an unrelated party and issued 450,000 shares of $0.001 par value common stock for $0.10 per share with 450,000 detachable warrants. The warrants have an exercise price of $0.25 and expire on April 12, 2013.

In each issuance discussed above, the shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Convertible Promissory Note

On July 22, 2010, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc. a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Note"). The Company received the proceeds of the sale on July 30, 2010.

Pursuant to the Note, Asher loaned to the Company the principal amount of $50,000. The Note bears interest at a rate of 8%, and due on April 21, 2011 (the "Due Date"). Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price (the "Conversion Price") which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the

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purchase of the Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

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Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 120 days following the date of the Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued to Asher 3,763,967 shares of the Company's common stock in connection with the SPA and the Note.

In the above transaction, the Note was issued to an accredited investor pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

Fiscal Year 2011

On December 14, 2010, the Board of Directors approved the cancellation of 13,412,638 options that were previously granted to Daniel Ash, the former CEO and Director of the Company, and agreed instead to issue Mr. Ash 13,412,638 shares of the Company's common stock.

On January 31, 2011, the Company issued 534,759 shares of common stock pursuant to the conversion of $10,000 principal of the Asher Note. The conversion rate was $.0187.

On February 8, 2011, the Company issued 662,983 shares of common stock pursuant to the conversion of $12,000 principal of the Asher Note. The conversion rate was $.0181.

On February 22, 2011, the Company issued 609,756 shares of common stock pursuant to the conversion of $10,000 principal of the Asher Note. The conversion rate was $.0164.

On March 2, 2011, the Company issued 921,986 shares of common stock pursuant to the conversion of $13,000 principal of the Asher Note. The conversion rate was $.0141.

On March 10, 2011, the Company issued 1,034,483 shares of common stock pursuant to the conversion of $10,000 principal and $2,000 accrued interest of the Asher Note. The conversion rate was $.0097.

On March 24, 2011, the Company issued 633,333 shares of common stock to a consultant for services rendered. The shares were valued at $13,933 which was the fair market value of the shares on the date of grant.

On August 23, 2011, the Company issued 1,666,667 shares of common stock pursuant to the conversion of $8,000 principal of the Asher Note. The conversion rate was $.0048.

On September 15, 2011, the Company issued 4,761,905 shares of common stock pursuant to the conversion of $10,000 principal of the Asher Note. The conversion rate was $.0021.

In each issuance discussed above, the shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Convertible Promissory Notes

Asher Convertible Promissory Note Issued February 22, 2011

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On February 22, 2011, the Company entered into a Securities Purchase Agreement (the “SPA”) with Asher Enterprises, Inc., a Delaware corporation (“Asher”), in connection with the purchase by Asher of a Convertible Promissory Note (the “Asher February 2011 Note”).

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Pursuant to the Asher February 2011 Note, Asher loaned to the Company the principal amount of $40,000. The Asher February 2011 Note bears interest at a rate of 8%, and is due on November 17, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher February 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher February 2011 Note, while there remains any unpaid amounts owing on the Asher February 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher Note. The Company has the right to pre-pay the Asher February 2011 Note during the first 120 days following the date of the Asher February 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued to Asher 25,326,008 shares of the Company's common stock in connection with the SPA and the Note.

Asher Convertible Promissory Note Issued March 10, 2011

On March 10, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher March 2011 Note").

Pursuant to the Asher March 2011 Note, Asher loaned to the Company the principal amount of $42,500. The Asher March 2011 Note bears interest at a rate of 8%, and is due on December 7, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher March 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher March 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher March 2011 Note, while there remains any unpaid amounts owing on the Asher March 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher March 2011 Note.

The Company has the right to pre-pay the Asher March 2011 Note during the first 120 days following the date of the Asher March 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued to Asher 225,942,808 shares of the Company's common stock in connection with the SPA and the Note.

Asher Convertible Promissory Note Issued May 18, 2011

On May 18, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher May 2011 Note").

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Pursuant to the Asher May 2011 Note, Asher loaned to the Company the principal amount of $32,500. The Asher May 2011 Note bears interest at a rate of 8%, and is due on February 23, 2012. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher May 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher May 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher May 2011 Note, while there remains any unpaid amounts owing on the Asher May 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher May 2011 Note.

The Company has the right to pre-pay the Asher May 2011 Note during the first 120 days following the date of the Asher May 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued to Asher 180,000,000 shares of the Company's common stock in connection with the SPA and the Note.

Yaretz Convertible Promissory Note Issued April 5, 2011 – Related Party

On April 5, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with one of its directors, Dwayne Yaretz ("Yaretz"), in connection with the purchase by Yaretz of a Convertible Promissory Note (the "Yaretz Note").

Pursuant to the Yaretz Note, Yaretz loaned to the Company the principal amount of $50,000. The Yaretz Note bears interest at a rate of 8%, and is due on January 5, 2012. Yaretz may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Yaretz is prohibited under the Yaretz Note from converting amounts if principal and interest that would result in Yaretz receiving shares, which when combined with shares of the Company's common stock held by Yaretz, would result in Yaretz holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Yaretz Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Yaretz Note, while there remains any unpaid amounts owing on the Yaretz Note, the Company may not incur additional debt without Yaretz's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Yaretz; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Yaretz Note.
The Company has the right to pre-pay the Yaretz Note during the first 120 days following the date of the Yaretz Note by paying to Yaretz 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued to Yaretz no shares of the Company's common stock in connection with the SPA and the Note.

In the above transactions, the Notes were issued to accredited investors pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note was issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

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Fiscal Year 2012

During fiscal year ended September 30, 2012 the following issuance of common stock, par value $0.001 per share was issued upon conversion of convertible promissory notes by Asher Enterprises, Inc.

Date	Number of shares issued	Principle/Interest Converted	Conversion rate
January 20, 2012	11,333,333	$1,700	$0.00015
February 21, 2012	12,000,000	$1,800	$0.00015
March 2, 2012	12,000,000	$1,800	$0.00015
March 9, 2012	12,000,000	$1,800	$0.00015
March 14, 2012	12,000,000	$1,800	$0.00015
March 16, 2012	12,000,000	$1,800	$0.00015
March 21, 2012	12,000,000	$1,800	$0.00015
March 27, 2012	12,000,000	$1,800	$0.00015
March 28, 2012	12,000,000	$1,800	$0.00015
March 29, 2012	15,333,333	$2,300	$0.00015
April 2, 2012	15,333,333	$2,300	$0.00015
April 4, 2012	18,000,000	$2,700	$0.00015
April 5, 2012	18,000,000	$2,700	$0.00015
April 10, 2012	18,000,000	$2,700	$0.00015
April 12, 2012	19,333,333	$2,900	$0.00015
April 16, 2012	23,333,333	$3,500	$0.00015
April 18, 2012	23,333,333	$3,500	$0.00015
April 21, 2012	23,333,333	$3,500	$0.00015
April 23, 2012	23,333,333	$3,500	$0.00015
April 26, 2012	23,333,333	$3,500	$0.00015
May 1, 2012	22,666,667	$3,400	$0.00015
May 3, 2012	23,333,333	$3,500	$0.00015
May 4, 2012	17,333,333	$2,600	$0.00015
May 8, 2012	30,000,000	$4,500	$0.00015
May 22, 2012	15,333,334	$2,300	$0.00015

In each issuance above, the shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Convertible Promissory Notes

Date	Holder	Amount	Terms
January 5, 2012	Pickard & Green, CPA's	$50,000	Footnote (1)
January 10, 2012	Asher Enterprises Inc.	$15,000	Footnote (2)
May 24, 2012	Asher Enterprises Inc.	$37,500	Footnote (3)
September 4, 2012	Asher Enterprises Inc.	$12,500	Footnote (4)

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(1) Pursuant to the Note agreement dated January 5, 2012, the Company received the principal amount of $50,000, by way of settlement of certain debts owed by the Company to Holder. The Note bears interest at a rate of 8%, and is due on July 3, 2012. Holder may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined to be the amount obtained by dividing the amount to be converted by the conversion price which is the lesser of $0.0013 per share or 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Holder is prohibited under the Note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held, would result in Holder owning more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

As of the date of this Report, the Company had issued no shares of the Company's common stock in connection with the SPA and the Note.

(2) On January 10, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $15,000. The January 2012 note bears interest at a rate of 8%, and is due on October 10, 2012. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable determined to be the lesser of a fixed rate of $0.00015 per share or a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 25% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing. On July 9, 2012, subsequent to the balance sheet date, the Company paid $31,582 in full settlement of the note principle, accrued interest and prepayment penalty.

As of the date of this report, the Company had issued no shares of the Company's common stock in connection with the SPA and the Note. On July 9, 2012 the Company paid off the convertible note by payment of $30,582. The payment represents payment in full of the principle, accrued interest at 8% and a pre-payment penalty of $14,400.

In conjunction with the issuance of the January 10, 2012 Convertible Note, the Company and the Holder entered into a January 6, 2012 amending agreement to the discount terms of two previous convertible notes between the parties as follows;

- Convertible Note dated May 18, 2011 in the principle amount of $32,500 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined above (a 31% discount to market) to a conversion calculated to be the lesser

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of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.

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- Convertible Note dated March 3, 2011 in the principle amount of $42,500 and with a remaining unpaid balance of $30,000 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined above (a 31% discount to market) to a conversion calculated to be the lesser of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.

(3) On May 24, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $37,500. The May 2012 note bears interest at a rate of 8%, and is due on February 7, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note. The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

(4) On September 4, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $12,500. The September 2012 note bears interest at a rate of 8%, and is due on June 4, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company's common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company's common stock held at the time, would result in Holder owning more than 4.99% of the Company's then- outstanding common stock.

In the above transactions, the Notes were issued to accredited investors pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

These descriptions of each SPA and the Notes are not complete, and are qualified in their entirety by reference to the SPA and the Note themselves.

Convertible Debt – 5BARz International Inc.

On March 27, 2012 the Company amended the terms of a line of credit agreement with 5BARz International Inc. Under the terms of the line of credit facility, the Company has the right to convert amounts due under the facility into common stock of CelLynx, at a conversion rate which is the lesser of a fixed conversion rate of $0.00015 per share or a variable rate which is calculated at 25% of the average lowest three closing bid prices of the CelLynx Group, Inc. common stock for a period which is ten (10) days prior to the date of conversion. At March 31, 2012, the Company converted an initial $78,500 of the amount due under the revolving line of credit facility for 350,000,000 shares of the capital stock of CelLynx Group, Inc. As a result,

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CelLynx became a consolidated subsidiary of 5BARz International Inc., on March 29, 2012, with a 60% interest in the Company. Subsequent conversions aggregating $61,200 have been made to maintain the 5BARz International Inc. ownership interest at 60%.

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The Line of Credit was issued to an accredited investor pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

The shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated there-under

This description of the line of credit is not complete, and is qualified in its entirety by reference to the Line of Credit Agreement itself.

Repurchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of CelLynx Group, Inc. and is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying Notes to Financial Statements.

Forward Looking Statements

Certain statements in the Management's Discussion and Analysis ("MD&A"), other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. As used in this Form 10-K, unless the context requires otherwise, "we" or "us" or the "Company" or "CelLynx" means CelLynx Group, Inc., and our subsidiary.

Overview and Outlook

CelLynx Group, Inc. ("CelLynx" or the "Company") is in the business of the development of a line of cellular network infrastructure devices for use in the small office, home and mobile market places. This next generation cellular network extender, branded as 5BARz™ incorporates a patented technology to create a highly engineered, single-piece, plug 'n play unit that strengthens weak cellular signals to deliver higher quality signals for voice, data and video reception on cell phones, and other cellular devices. The technology is held under joint ownership with the Company's parent, 5BARz International Inc. ("5BARz"), and is being commercialized by 5BARz.

The Company's initial product, *the Road Warrior*, won the prestigious 2010 innovation of the year award at CES (the largest consumer electronics show in the world) for achievements in product design and engineering. The *Road Warrior*, has passed FCC Certification, and has been produced in limited quantities to date by a contract manufacturer in the Philippines.

The market opportunity for the 5BARz technology represents some 5.4 billion cell phone subscribers worldwide serviced by 900 cellular network operators. These cellular network operators represent the Company's primary point of entry to the Global marketplace.

The CelLynx business opportunity represents a significant step forward in the deployment of micro-cell technology, referred to as a 'cellular network infrastructure device" in the industry. A step that management believes will significantly improve the functionality of cellular networks by managing cellular signal within the vicinity of the user. This technology facilitates cellular usage in areas where structures, create "cellular shadows" or weak spots within metropolitan areas, and highly congested areas such as freeways, and also serves to amplify cellular signal as users move away from cellular towers in urban areas. The market potential of the technology is far reaching.

The Company will generate revenue through license revenues from 5BARz International Inc. Pursuant to the March 27, 2012 agreements with 5BARz International Inc., more fully disclosed in section I herein, a royalty interest equal to 50% of the net income earned from the sale of product incorporating the 5BARz technology will be payable. That royalty payment will be further divided on the basis of the ownership of the technology such that CelLynx Group Inc. will be entitled to 40% of that royalty stream as CelLynx Group Inc. holds a 40% interest in the underlying technology.

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CelLynx Group Inc. will obtain required funding through the line of credit facility with 5BARz outlined herein. To date, 5BARz International Inc. has converted proceeds under the line of credit facility sufficient to obtain and maintain a 60% equity interest in CelLynx Group, Inc. It is the expectation of the Companies that this relationship will be maintained.

The Company has experienced significant downward pressure on its stock price as the result of conversions and sales of stock as disclosed herein, through convertible promissory note facilities. Once funded, the Company will not have a need to access further dilutive arrangements and existing convertible notes are expected to be settled.

Industry trends

The wireless industry is growing at unprecedented rates and is becoming an integral part of peoples lifestyles worldwide. Management of the Company maintain the position that once completed the 5BARz product line will play a very important role, in improving the user experience for wireless products by improving signal quality in the immediate vicinity of the user. The Company is working with cellular network operators to achieve an integration of their products once completed.

Economic Conditions, Challenges and Risks

The Company has undergone an extended period through which economic conditions have made it very difficult to source working capital for emerging technology Companies. Management is cautiously optimistic that era is beginning to change and that the ground work completed in the past years will yield near term rapid developments once sufficient operating capital is available. However the Company recognizes that it is participating in a very competitive environment and the challenges facing the Company in expanding into geographically diverse markets present a significant risk profile to the Company in achieving its business objectives.

On October 17, 2012, the Company announced that Mr. Norm Collins the CEO, Chairman, Director and sole Management had recently passed away and that Mr. Dwayne Yaretz would assume the role of Chief Executive Officer and Chief Financial Officer. Mr. Dwayne Yaretz and Mr. Malcolm Burke will remain Directors of the Company.

New Management and the Board are working diligently to review historical matters with the goal to ameliorate the Company's financial matters and strategies, taking into account the current business environment. As well, the Company will be working, on a collaborative basis, with 5BARz to best exploit the potential of our technology.

Results of Operations

Comparison of years ended September 30, 2012 and 2011

	Year ended September 30, 2012	Year ended September 30, 2011	$ Change	% Change
REVENUE	$ -	$	$	0.0%
COST OF REVENUE	-			0.0%
GROSS PROFIT	-			0.0%
OPERATING EXPENSES	623,985	1,595,975	(971,990)	-60.9%
NON OPERATING INCOME	56,903	278,266	(221,363)	-79.5%
NET LOSS	$ (567,082)	$ (1,317,709)	$ (750,627)	-56.9%

Revenue and Cost of Revenue

During the year ended September 30, 2012 and 2011, the Company generated no revenue.

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Operating Expenses

Total operating expenses incurred for the year ended September 30, 2012 were $623,985 compared to $1,595,975 for the year ended September 30, 2011, which decreased by $971,990. The significant decrease was due to a significant decrease in salaries, wages and consulting fees as well as facilities costs as both the engineering facilities and corporate offices were closed.

Non-Operating Income and Expenses

Total non-operating income generated for the year ended September 30, 2012 was $56,903 compared to $278,266 for the year ended September 30, 2011 which was a decrease of $221,363. The difference was due to the increase in the beneficial conversion liability arising from the conversion of the 5BARz debt to a derivative security, offset by the gain on the sale of intangible assets of $1,485,513 during the period.

Liquidity and Capital Resources

*Financial Conditio*n

As of September 30, 2012, we had cash of ($284) and the Company had a working capital deficit of $4,418,370 compared to cash of $178 and a working capital deficit of $2,376,878 as of September 30, 2011. The decrease in working capital deficit is due the elimination of an amount due from 5BARz International Inc. in the amount of $1,200,651, which was paid in shares due to the amendment of the agreement between the parties. In addition, the accrued derivative liability increased some $1,385,282, due in the most part to the convertible debt issued to 5BArz International Inc.

During the year ended September 30, 2012, cash used in operating activities was $310,913. Cash used in operating activities consisted of a net loss of $567,082 adjusted for non-cash gain on the sale of intangible assets of $1,485,513 and the change in fair value of accrued beneficial conversion liability of $1,190,295 and increase in accounts payable of $285,558

Cash provided by financing activities was $310,451 for the year ended September 30, 2012, compared to $386,038 for the year ended September 30, 2011. During the year ended September 30, 2012, the Company received $65,000 from the proceeds of convertible debentures and $276,033 from the line of credit. During the year ended September 30, 2011, the Company received $165,000 from convertible notes, and $221,038 from the line of credit. We have financed our operations from convertible notes and from our line of credit with 5BARz International Inc.

We anticipate raising an additional $1.4 million during the next six months through the Line of Credit Agreement, although there is no guarantee that such funds will be available. There is no assurance that we will be able to raise the entire amount.

Going Concern

In our Annual Report on Form 10-K for the year ended September 30, 2012, our independent auditors included an explanatory paragraph in its report relating to our consolidated financial statements for the years ended September 30, 2012 and 2011, which states that we have incurred negative cash flows from operations since inception, and expect to incur additional losses in the future and have a substantial accumulated deficit. These conditions give rise to substantial doubt about our ability to continue as a going concern. Our ability to expand operations and generate additional revenue and our ability to obtain additional funding will determine our ability to continue as a going concern. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have prepared our consolidated financial statements assuming that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business. As of September 30, 2012, we had an accumulated deficit of $17,196,353, negative cash flows from operations since inception, and expect to incur additional losses in the future as we continue to develop and grow our business. We have funded our losses primarily through the sale of common stock and warrants in private placements; borrowings from related parties and other investors; and revenue provided by the sales of our 5BARz unit. The further development of our business will require capital. Our operating expenses will consume a material amount of our cash resources.

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Our current cash levels, together with the cash flows we generate from operating activities, are not sufficient to enable us to execute our business strategy. We require additional financing to execute our business strategy and to satisfy our near-term working capital requirements. In the event that we cannot obtain additional funds on a timely basis or our operations do not generate sufficient cash flow, we may be forced to curtail or cease our activities, which would likely result in the loss to investors of all or a substantial portion of their investment. We are actively seeking to raise additional capital through the sale of shares of our capital stock to institutional investors and through strategic investments. If management deems necessary, we might also seek additional loans from related parties. However, there can be no assurance that we will be able to consummate any of these transactions, or that these transactions will be consummated on a timely basis or on terms favorable to us.

Contractual Obligations

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of payments. We have presented below a summary of the most significant assumptions used in our determination of amounts presented in the tables, in order to assist in the review of this information within the context of our financial position, results of operations, and cash flows. he following table summarizes our contractual obligations as of September 30, 2012, and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

Contractual obligations	Total	Less than 1 year	1-3 years
Notes Payable	$ 390,488	$ 390,488	$ -
Line of credit	668,844	-	668,844

Off-Balance Sheet Arrangements

Off-Balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported net sales and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our consolidated financial statements, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this management discussion and analysis.

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Intangible Assets

Acquired patents, licensing rights and trademarks are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees, and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized costs for patents are amortized on a straight-line basis over the remaining twenty-year legal life of each patent after the costs have been incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively. The licensing right is amortized on a straight-line basis over a period of 10 years.

Impairment or Disposal of Long-lived Assets

The Company applies the provisions of Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review, the Company believes that as of September 30, 2012 and 2011, there was no significant impairment of its long-lived assets.

Revenue Recognition

The Company's revenue recognition policies are in compliance with ASC Topic 605, "Revenue Recognition." Revenue is recognized at the date of shipment to customers, and when the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred relate to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes have been incurred during the years ended September 30, 2012 and 2011.

Stock Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee's requisite service period. Under ASC 718, the Company's volatility is based on the historical volatility of the Company's stock or the expected volatility of similar companies. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements are listed in the Index to Financial Statements on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Regulations under the Securities Exchange Act of 1934 (the "Exchange Act") require public companies to maintain "disclosure controls and procedures," which are defined to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on those evaluations, as of the Evaluation Date, our CEO and CFO believe that:

(i) our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure; and

(ii) our disclosure controls and procedures were effective as of the date of the evaluation.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such terms are defined in Rules 13(a) – 15(f) promulgated under the Securities Exchange Act of 1934, as amended. The purpose of an internal control system is to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

An internal control material weakness is a significant deficiency, or aggregation of deficiencies, that does not reduce to a relatively low level the risk that material misstatements in financial statements will be prevented or detected on a timely basis by employees in the normal course of their work. An internal control significant deficiency, or aggregation of deficiencies, is one that could result in a misstatement of the financial statements that is more than consequential.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2012, and this assessment identified the following material weaknesses in the company's internal control over financial reporting:

- A system of internal controls (including policies and procedures) has neither been designed nor implemented.
- A formal, internal accounting system has not been implemented.
- Appropriate technology systems to ensure reliability of information and record-keeping have not been acquired.
- Segregation of duties in the handling of cash, cash receipts, and cash disbursements is not formalized.

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It is Management’s opinion that the above weaknesses exist due to the small size of operating staff and the current phase of operations.

In making this assessment, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. Because of the material weaknesses described in the preceding paragraph, Management believes that, as of September 30, 2012, the Company’s internal control over financial reporting was not effective based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Controls

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the year ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

Our current directors and executive officers, their ages, their respective offices and positions, and their respective dates of election or appointment are as follows:

Name	Age	Position	Date of Appointment
Dwayne Yaretz	52	Chief Executive Officer, Chief Financial Officer, Chairman of the Board	December 19, 2009
Malcolm P. Burke	68	Director	July 21, 2010
Norman W. Collins *(Deceased)*	73	*Former:* Chief Executive Officer, Chief Financial Officer, Chairman of the Board	July 21, 2010

Dwayne Yaretz – Chief Executive Officer, Chairman of the Board

Mr. Yaretz has been involved with numerous privately held companies in various industry sectors to capitalize, manage growth strategies and operate as going concerns in North America over the past 26 years. Internationally, Mr. Yaretz has acted as Vice-President for Asia Power Engineering and China Power Corporation; both Hong Kong based companies specializing in design, construction and operations in the energy co-generation sector in the Peoples' Republic of China. Since 1996 Mr. Yaretz has acted for several public companies in various capacities. Mr. Yaretz has served as a Director, Corporate Secretary, and CFO as well as a President and CEO of several private and public companies, including two Capital Pool Companies that have successfully completed Qualifying Transactions by way of an IPO.

Malcolm P. Burke – Director

Mr. Burke was appointed a director on July 21, 2010, and brings a wealth of both business and financial experience to the Company. Prior to founding Primary Capital Group in 1986, Mr. Burke was a senior advisor and shareholder in Royal LePage Realty, Canada's largest real estate brokerage firm where he managed the firm's investment division. Upon founding the Primary Capital Group, he continued to provide private equity and strategic financial advice to promising early stage and high growth ventures in the natural resource, oil and gas and technology fields. In the process, he has been responsible for raising capital for private and public companies including many early stage and startup companies. He has been the President and Director of Primary Capital Group since 1988 and has also served as a director of a number of public companies listed on the TSX, NASDAQ and American Stock Exchange and the AIM Market in the UK. Mr. Burke is a resident of West Vancouver, BC, and is 67 years of age.

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Norman W. Collins (Deceased) – Former Chief Executive Officer and Chairman of the Board

Norman W. Collins, Sr. became the Company's Chief Executive Officer and Chairman of the Board on July 21, 2010. Before that, he was an independent Director who was appointed upon the completion of the merger between CelLynx, Inc. and NorPac. Since June of 2003, Mr. Collins has been Director and President of Collins & Associates, a Delaware corporation providing consulting services to corporations as well as legal services in the form of Mediation and Arbitration of corporate disputes. He is admitted to the Tennessee Bar and is a Certified Mediator and Arbitrator in Georgia and a Certified Mediator in North Carolina and the District of Columbia. Between 2003 and 2007 Mr. Collins also served as the Executive Director of the Living Memorial Tree Foundation, a New York non-profit organization dedicated to the creation of a memorial to the victims of 9/11. Since May of 2006, Mr. Collins has also served as Director and CEO of Upgrade International, a Washington technology corporation. Prior positions include Director and CEO of several non-reporting companies either in the development stage or with revenues exceeding $30 Million.

Mr. Collins holds a Bachelor of Science degree in Business Administration from Trine University and a Juris Doctor degree from Michigan State University, College of Law.

Family Relationships

There are no family relationships among our directors and executive officers.

Involvement in Certain Legal Proceedings

Except as provided below, none of our directors or executive officers has, during the past five years:

(a) Had a petition under the federal bankruptcy laws or any state insolvency law filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(b) Been convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(c) Been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

- Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
- Engaging in any type of business practice; or
- Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(d) Been the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph I(i) above, or to be associated with persons engaged in any such activity;

(e) Been found by a court of competent jurisdiction in a civil action or by the Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated; nor

(f) Been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

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Compliance with Section 16(a) of the Exchange Act

Based solely upon a review of the copies of such forms furnished to the Company, or written representations that no reports were required, we believe that except as set forth below, for the fiscal year ended September 30, 2012, beneficial owners complied with Section 16(a) filing requirements applicable to them:

- Mr. Collins received options in December 2010 for which a Form 4 has not yet been filed; and
- Mr. Pickard received options in December 2010 for which a Form 4 has not yet been filed.
- Mr. Collins received options in June 2012 for which a Form 4 has not yet been filed; and
- Mr. Yaretz received options in June 2012 for which a Form 4 has not yet been filed; and
- Mr. Burke received options in June 2012 for which a Form 4 has not yet been filed; and

Code of Ethics

We have not adopted a code of ethics, but we plan on adopting a code of ethics that applies to all directors, officers, and employees, including our Chief Executive Officer and Chief Financial Officer, and members of the board of directors in the near future.

Material Changes to the Procedures by which Security Holders May Recommend Nominees to the Board of Directors

There have been no material changes to the procedures by which security holders may recommend nominees to the Board of Directors.

Board Committees; Director Independence

In November 2008, our board of directors appointed Norman W. Collins to serve as a member of our audit committee, although he did not qualify at the time as an "audit committee financial expert." Subsequently, in July 2010, in connection with the changes in management discussed in this Report, the audit committee and the Compensation and Corporate Governance Committee were dissolved. Subsequently, on August 23, 2010, the Audit Committee was reorganized with Mr. Collins as Chair, and Messrs. Yaretz and Burke as members. The Compensation and Corporate Governance Committee was also reorganized with Mr. Yaretz as the Chair and Messrs. Collins and Burke as members.

Our board of directors consists of one independent directors, Mr. Burke, and one non-independent director, Mr. Yaretz. We have determined independence in accordance with definitions and criteria applicable under the NASDAQ rules. However, because the Company's stock trades on the OTC Bulletin Board, the Company is not required to have independent directors.

The Board has determined that we do not have an audit committee financial expert serving on the Board of Directors.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between our board of directors and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.

Compensation Committee Report

The Compensation and Corporate Governance Committee and Management have reviewed and discussed the Executive Compensation section set forth below, and the Compensation and Corporate Governance Committee recommended that the Executive Compensation discussion set forth below be included in the Annual Report.

Dwayne Yaretz, Chair and Malcolm P. Burke

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ITEM 11. EXECUTIVE COMPENSATION

Summary of Compensation

Executive Compensation

The following summary compensation table reflects all compensation for fiscal years 2012 and 2011 received by CelLynx's principal executive officer and two most highly compensated executive officers whose salary exceeded $100,000.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Norm Collins, Chief Executive officer and Director (5) (6)	2011	160,000	-	-	-	-	-	-	160,000
	2012	135,000	-		3,433 (1)	-	-	-	138,433
Kevin Pickard, Chief Financial Officer	2011	131,500	-	-	-	-	-	-	131,500
	2012	7,500	-	-	-	-	-	-	7,500
Dwayne Yaretz, Chief Executive Officer and Director	2011		-	-	-	-	-	-	
	2012		-	-	2,003(1)	-	-	-	2,003
Malcolm Burke, Director (7)(8)	2011		-	-	-	-	-	-	
	2012		-	-	1,717(1)	-	-	-	1,717

(1) The Company used the Black-Scholes option-pricing model to value the options. The assumptions used in calculating the fair value of options granted are as follows:

Expected life (years):	5
Risk-free interest rate:	4,28%
Expected volatility:	183%
Expected dividend yield:	0%

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Outstanding Equity Awards

The following table sets forth certain information concerning stock and granted to our named executive officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					**STOCK AWARDS**			
Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Norm Collins (1)	767,337	-	-	$ 0.0715	10/9/2013				
	6,000,000			.00060	10/9/2013				
Dwayne Yaretz	3,500,000			.00060	6/20/2017				
Malcolm Burke	3,000,000			.00060	6/20/2017				

(1) Options fully vested in September 2010.

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Retirement Plans

We currently have no plans that provide for the payment of retirement benefits, or benefits that will be paid primarily following retirement, including but not limited to tax-qualified defined benefit plans, supplemental executive retirement plans, tax-qualified defined contribution plans and nonqualified defined contribution plans.

Potential Payments upon Termination or Change-in-Control

Except as described below under "Employment Agreements," we currently have no contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to a named executive officer at, following, or in connection with any termination, including without limitation resignation, severance, retirement or a constructive termination of a named executive officer, or a change in control of the registrant or a change in the named executive officer's responsibilities, with respect to each named executive officer.

Employment Agreements

N/A

Director Compensation

On July 15, 2008, CelLynx Inc. entered into an agreement with Mr. Norman W. Collins that granted Mr. Collins a stock option to purchase 610,000 shares of CelLynx-California's common stock at an exercise price of $0.09 per share that vest 25% per year so long as Mr. Collins remains a director of CelLynx. Upon the closing of the Exchange Agreement, this option was exchanged for an option to purchase 767,337 shares of the Company's common stock at an exercise price of $0.0715 per share. Mr. Collins held his position until he passed on October 9, 2012. Pursuant to the terms of the option, the option is exercisable for a period of 1 year from the October , 9, 2012 date.

On June 20, 2012, the Board of Directors passed a resolution for the issuance of options to each of the Directors as follows;

Name	Number of Options	Exercise price	Date of expiry
Mr. Norm Collins	6,000,000	$0.0006	October 9, 2013*
Mr. Dwayne Yaretz	3,500,000	$0.0006	June 20, 2017
Mr. Malcolm Burke	3,000,000	$0.0006	June 20, 2017

- The date of expiry of Mr. Collins option is set as one year from his date of death, pursuant to the terms of the option agreement.

On October 13, 2012 the Board of Directors of CelLynx Group, Inc. appointed Mr. Dwayne Yaretz as the Chief Executive Officer as well as the Chief Financial Officer for the Company. The compensation arrangements for Mr. Yaretz are comprised of a monthly fee of $10,000 per month, with such compensation to be deferred until such time as the Company has adequate working capital to pay the fees accrued to Mr. Yaretz.

Other than as described above, we do not pay any compensation to members of our board of directors for their service on the board. However, we intend to review and consider future proposals regarding board compensation.

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

Securities Authorized for Issuance under Equity Compensation Plans

Set forth in the table below is information regarding awards made through compensation plans or arrangements through September 30, 2012, the most recently completed fiscal year.

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Security Ownership of Certain Beneficial Owners and Management

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. Unless otherwise indicated in the table, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the shareholder's name. Unless otherwise indicated, the address of each beneficial owner listed below is 25910 Acero, Suite 370, Mission Viejo, California 92691. The percentage of class beneficially owned set forth below is based on 1,457,498,001 shares outstanding as of January 14, 2012.

Name and Position	Number of Shares of Common Stock Beneficially Owned (1)	Percent of Shares of Common Stock Beneficially Owned (2)
Norman W. Collins, *(Deceased)* Prior Director (5)	3,583,130	.20%
Dwayne Yaretz, Director	998,400	*
Malcolm P. Burke, Director	-	*
All Executive Officers and Directors as a Group (4 persons)	5,964,500	.2%

* Less than 1%

(1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding.

(2) Percentage based upon 1,457,498,001 issued and outstanding shares of the Company's capital stock.

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

Director Independence

One of our directors, Malcolm Burke, is an independent director as that term is defined under NASDAQ Rules and Regulations. However, because the Company's stock trades on the OTC Bulletin Board, the Company is not required to have independent directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees billed for the two most recently completed fiscal years ended September 30, 2012 and 2011, for professional services rendered by the principal accountant for the audit of the Corporation's annual financial statements and review of the financial statements included our quarterly reports and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended September 30, 2012	Year Ended September 30, 2011
Audit Fees	$ 15,000	$ 27,500
Audit Related Fees	$ -	-
Tax Fees	-	-
All Other Fees	-	-
Total	$ 15,000	**$** 27,500

Fees for audit services include fees associated with the annual audit and the review of documents filed with the Securities and Exchange Commission. Audit-related fees principally include fees reasonably related to the performance of the audit or review of our financial statements and that are not reported as Audit Fees. Tax fees included tax compliance, tax advice and tax planning work.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements

A list of the financial statements of the Company filed as part of this Report can be found in the Index to Financial Statements on page F-1.

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Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description
23.1*	REGISTERED AUDITOR'S CONSENT
31.1*	Section 302 Certification by the Corporation’s Chief Executive Officer *
31.2*	Section 302 Certification by the Corporation’s Chief Financial Officer *
32.1*	Section 906 Certification by the Corporation’s Chief Executive Officer *
32.2*	Section 906 Certification by the Corporation’s Chief Financial Officer *
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Label Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

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THOMAS J. HARRIS
CERTIFIED PUBLIC ACCOUNTANT
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SEATTLE, WA 98103
206.547.6050

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
CelLynx Group, Inc.

We have audited the accompanying balance sheets of CelLynx Group, Inc. (A Development Stage Company) as of September 30, 2012, and the related statements of income, stockholders' equity and cash flows for the period then ended. The prior year was audited by other accountants and we accordingly express no opinion on them. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CelLynx Group, Inc. (A Development Stage Company) as of September 30, 2012 and the results of its operations and cash flows for the period then ended in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note #1 to the financial statements, the Company has had no operations and has no established source of revenue. This raises substantial doubt about its ability to continue as a going concern. Management's plan in regard to these matters is also described in Note # 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Seattle, Washington
January 14, 2013

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CELLYNX GROUP, INC.
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011

		September 30, 2012		September 30, 2011
ASSETS				
CURRENT ASSETS:				
Cash	$	(284)	$	178
Accounts receivable		-		-
Other receivable				1,200,651
Prepaids and other current assets		-		20,090
TOTAL CURRENT ASSETS		(284)		1,220,919
EQUIPMENT, net		1,359		2,900
INTANGIBLE ASSETS, net		48,737		53,967
TOTAL ASSETS	$	49,812	$	1,277,786
LIABILITIES AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$	1,890,211	$	1,622,307
Accrued interest		69,346		51,692
Accrued derivative liabilities		1,487,568		102,286
Deferred gain		-		1,200,651
Line of credit net of debt discount of $88,371		580,473		241,038
Convertible promissory notes, net of debt discount of $18,868.68 and $29,533 as of September 30, 2012 and September 30, 2011, respectively		390,488		379,823
TOTAL CURRENT LIABILITIES		4,418,086		3,597,797
TOTAL LIABILITIES		4,418,086		3,597,797
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' DEFICIT:				
Series A preferred stock, $0.001 par value; 100,000,000 shares authorized; nil shares issued and outstanding		-		-
Common stock, $0.001 par value, 2,000,000,000 shares authorized; 1,457,498,081 and 195,991,082 shares issued and outstanding as of September 30, 2012 and September 30, 2011, respectively		1,457,498		195,991
Additional paid-in capital		13,170,581		14,113,270
Accumulated deficit		(17,196,353)		(16,629,272)
Treasury stock – shares held in 5BARz International Inc.		(450,000)		
Accumulated other comprehensive income		(1,350,000)		
Total stockholders' deficit	$	(4,368,275)	$	(2,320,011)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		49,812		1,277,786

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

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CELLYNX GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2012 AND 2011

	September 30, 2012	September 30, 2011
Net Revenue	$ -	$ -
Cost of Revenue	-	-
Gross profit	-	-
Operating expenses		
Research and development	12,893	-
General and administrative	611,092	1,595,975
Total operating expenses	623,985	1,595,975
Loss from operations	$ (623,985)	$ (1,595,975)
Non-operating income (expense):		
Interest and financing costs, net	(239,679)	(129,380)
Change in fair value of accrued beneficial conversion liability	(1,190,295)	647
Change in fair value of accrued warrant and options liability	(2,402)	167,696
Gain on settlement of debt	3,766	-
Gain on sale of intangible assets	1,485,513	239,303
Total non-operating income (expense), net	56,903	278,266
Net loss	$ (567,082)	$ (1,317,709)
Weighted average shares outstanding		
Basic	710,515,971	185,193,816
Diluted	710,515,971	185,193,816
Loss per share :		
Basic	$ (0.0008)	$ (0.01)
Diluted	(0.0008)	(0.01)

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

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CELLYNX GROUP, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

	Preferred Stock		Common Stock		Additional Paid-	Accumulated Other	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	in Capital	Comprehensive Income	Deficit	Deficit
Issuance of common stock for promissory note	-	-	37,500	38	4,208		-	4,246
Issuance of warrants for consulting services	-	-	-	-	118,382		-	118,382
Issuance of common stock for accounting services	-	-	400,000	400	71,600		-	72,000
Issuance of common stock for consulting services	-	-	3,970,908	3,971	722,628		-	726,599
Issuance of common stock for cash	-	-	6,845,000	6,844	706,156		-	713,000
Net loss	-	-	-	-	-		(3,978,762)	(3,978,762)
Balance, September 30, 2009	- $	-	137,379,397 $	137,379 $	10,501,965 $		(11,674,210) $	(1,034,866)
Conversion of convertible note payable to common stock	-	-	6,290,792	6,291	134,532		-	140,823
Stock based compensation for employees and consultants	-	-	-	-	1,060,170		-	1,060,170
Issuance of warrants for consulting services	-	-	-	-	327,087		-	327,087
Issuance of common stock for consulting services	-	-	4,445,486	4,445	696,671		-	701,116
Issuance of common stock for cash	-	-	23,636,897	23,637	1,487,064		-	1,510,701
Reclassification of beneficial conversion liability to equity	-	-	-	-	(59,964)		-	(59,964)
Reclassification of warrant liability to equity	-	-	-	-	(635,537)		-	(635,537)
Net loss	-	-	-	-	-		(3,637,353)	(3,637,353)
Balance, September 30, 2010	- $	-	171,752,572 $	171,752 $	13,511,988 $		(15,311,563) $	(1,627,823)
Conversion of convertible note payable to common stock	-	-	10,192,539	10,193	94,985		-	105,178
Cancellation of options and issuance of shares	-	-	14,045,971	14,046	227,902		-	241,948
Fair value of share based compensation for employees and consultants	-	-	-	-	278,395		-	278,395
Net loss	-	-	-	-	-		(1,317,709)	(1,317,709)
Balance, September 30, 2011	- $	-	195,991,082 $	195,991 $	14,113,270 $		(16,629,272) $	(2,320,011)
Conversion of convertible note payable to common stock	-	-		1,261,507	(942,689)		-	318,818
Other comprehensive income (loss)						(1,350,000)		
Net loss	-	-	-	-	-		(567,082)	(567,082)
Balance, September 30, 2012	- $	-	195,991,082 $	1,457,498 $	13,170,581 $	(1,350,000)	(17,196,354) $	(3,918,275)

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

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CELLYNX GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012 AND 2011

		2012		2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	(567,082)	$	(1,317,709)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		2,588		6,946
Stock issued for services		-		241,948
Note payable issued for services		50,000		-
Stock compensation expense for options issued to employees and consultants		79,618		278,395
Change in fair value of accrued beneficial conversion liability		1,190,295		(647)
Change in fair value of accrued warrant and option liability		2,402		(167,696)
Gain on sale of intangible assets		(1,485,513)		(239,303)
Amortization of debt discount		114,897		101,730
Gain on settlement of debt		(3,766)		-
Changes in operating assets and liabilities:				
Change in accounts receivable		-		1,925
Change in inventory		-		30,212
Change in other assets		20,090		145,321
Change in accounts payable, accrued expenses and accrued interest		285,558		227,068
Net cash used in operating activities		(310,913)		(691,810)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of intangible assets		-		299,349
Net cash used in investing activities		0		299,349
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of shareholders convertible notes		(30,582)		-
Proceeds from issuance of convertible notes		65,000		165,000
Proceeds from line of credit		276,033		221,038
Net cash provided by financing activities		310,451		386,038
NET DECREASE IN CASH		(462)		(6,423)
CASH, BEGINNING OF PERIOD		178		6,601
CASH, END OF PERIOD	$	(284)	$	178
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING:				
Conversion of convertible note payable to common stock	$	239,200	$	73,000
Deferred revenue from sale of intangible assets		-		1,200,651

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

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CELLYNX GROUP, INC.
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2012 and 2011

Note 1 – Organization and Basis of Presentation

Organization and Line of Business

CelLynx Group, Inc. (the "Company") was originally incorporated under the laws of the State of Minnesota on April 1, 1998.

On July 23, 2008, prior to the closing of a Share Exchange Agreement (described below), the Company entered into a Regulation S Subscription Agreement pursuant to which the Company issued 10,500,000 shares of its common stock and warrants to purchase 10,500,000 shares of common stock at an exercise price of $0.20 per share to non-U.S. persons for an aggregate purchase price of $1,575,000.

On July 24, 2008, the Company entered into a Share Exchange Agreement, as amended, with CelLynx, Inc., a California corporation ("CelLynx- California"), and twenty-three CelLynx-California shareholders who, immediately prior to the closing of the transaction, collectively held 100% of CelLynx-California's issued and outstanding shares of capital stock. As a result, the CelLynx-California shareholders were to receive 77,970,956 shares of the Company's common stock in exchange for 100%, or 61,983,580 shares, of CelLynx-California's common stock. However, the Company had only 41,402,110 authorized, unissued and unreserved shares of common stock available, after taking into account the shares of common stock issued in the July 23, 2008, financing described above. Pursuant to the Share Exchange Agreement, in the event that there was an insufficient number of authorized but unissued and unreserved common stock to complete the transaction, the Company was to issue all of the available authorized but unissued and unreserved common stock to the CelLynx-California shareholders in a pro rata manner and then establish a class of Series A Convertible Preferred Stock ("Series A Preferred Stock") and issue that number of shares of Series A Preferred Stock such that the common stock underlying the Series A Preferred Stock plus the common stock actually issued to the CelLynx- California shareholders would equal the total number of shares of common stock due to the CelLynx-California shareholders under the Share Exchange Agreement. As a result, the Company issued to the CelLynx-California shareholders an aggregate of 32,454,922 shares of common stock and 45,516,034 shares of Series A Preferred Stock. The Series A Preferred Stock automatically would convert into common stock on a one-to-one ratio upon the authorized capital stock of the Company being increased to include not less than 150,000,000 shares of common stock.

On November 7, 2008, the Company amended the Articles of Incorporation to increase the number of authorized shares to 400,000,000 and converted the 45,516,034 shares of Series A Preferred Stock into 45,516,034 shares of the Company's common stock.

The exchange of shares with CelLynx-California was accounted for as a reverse acquisition under the purchase method of accounting because the shareholders of CelLynx-California obtained control of the Company. On August 5, 2008, NorPac Technologies, Inc. changed its name to CelLynx Group, Inc. Accordingly the merger of CelLynx-California into the Company was recorded as a recapitalization of CelLynx-California, with CelLynx-California being treated as the continuing entity. The historical financial statements presented are the financial statements of CelLynx-California. The Share Exchange Agreement has been treated as a recapitalization and not as a business combination; therefore, no pro forma information is disclosed. At the date of the reverse merger transaction, the net assets of the legal acquirer CelLynx Group, Inc. were $1,248,748.

As a result of the reverse merger transactions described above, the historical financial statements presented are those of CelLynx-California, the operating entity. Each CelLynx-California shareholder received 1.2579292 shares of stock in the Company for each share of CelLynx- California capital stock. All shares and per-share information have been retroactively restated for all periods presented to reflect the reverse merger transaction.

On October 27, 2008, the Board of Directors approved a change of the Company's fiscal year end from June 30 to September 30 to correspond to the fiscal year of CelLynx-California. The fiscal year end change was effective for the year ended September 30, 2008.

The Company develops and manufactures cellular network extenders which enable users to obtain stronger signals and better reception.

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Going Concern and Exiting Development Stage

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company is unlikely to pay dividends or generate significant earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders, the ability of the Company to obtain necessary equity and debt financing to continue operations and to generate sustainable revenue. There is no guarantee that the Company will be able to raise adequate equity or debt financing or generate profitable operations. For the year ended September 30, 2012, the Company incurred a net loss of $567,082. As of September 30, 2012, the Company had an accumulated deficit of $17,196,354. Further, as of September 30, 2012 and 2011, the Company had negative working capital of $4,018,370 and $2,376,878, respectively, and had negative cash flows from operations of $623,985 and $1,595,975 for the years ended September 30, 2012 and 2011, respectively. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to raise additional funds through equity or debt financing and to generate cash from the sale of the Company's products and from license fees as further described below.

The Company was in the development stage through June 30, 2009. In July 2009, the Company received the first 220 units of the Company's cellular network extender, The Road Warrior, from its manufacturer. As of July 2009, the Company was fully operational and as such was no longer considered a development stage company. During the period that the Company was considered a development stage company, the Company incurred accumulated losses of approximately $10,948,625.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of CelLynx Group, Inc., and its 100% wholly owned subsidiary, CelLynx, Inc. All intercompany accounts and transactions have been eliminated in consolidation.

Cash

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Inventory

Inventory consists of finished goods ready for sale and is valued at the lower of cost (determined on a first-in, first-out basis) or market. The Company reviews its reserves for slow moving and obsolete inventories. As of September 30, 2011, the Company wrote off its entire inventory balance.

Accounts Receivable

The Company maintains reserves for potential credit losses for accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded based on the Company's historical collection history. Receivables are written off when they are determined to be uncollectible. As of September 30, 2010, the Company determined that allowance for bad debt was not necessary.

Other Receivable

Other receivables were amounts due from the sale of 50% of the Company's intangible assets.

Use of Estimates

The preparation 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 disclosures 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.

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Concentration of Credit Risk

Cash includes deposits in accounts maintained at financial institutions. Certain financial instruments, which subject the Company to concentration of credit risk, consist of cash. The Company maintains balances at financial institutions which, from time to time, may exceed Federal Deposit Insurance Corporation insured limits for the banks located in the United States. As of September 30, 2012 and 2011, the Company did not have any deposits in excess of federally-insured limits. To date, the Company has not experienced any losses in such accounts.

Equipment

Equipment is recorded at historical cost and is depreciated using the straight-line method over their estimated useful lives. The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are consistent with the anticipated pattern of future economic benefits. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains and losses on disposals are included in the results of operations. The useful life of the equipment is being depreciated over three years.

Intangible Assets

Acquired patents, licensing rights and trademarks are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees, and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized costs for patents are amortized on a straight-line basis over the remaining twenty-year legal life of each patent after the costs have been incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively. The licensing right is amortized on a straight-line basis over a period of 10 years.

Impairment or Disposal of Long-lived Assets

The Company applies the provisions of Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review, the Company believes that as of September 30, 2012, and September 30, 2011, there was no significant impairment of its long-lived assets.

Revenue Recognition

The Company's revenue recognition policies are in compliance with ASC Topic 605, "Revenue Recognition." Revenue is recognized at the date of shipment to customers, and when the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured.

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Fair Value Measurements

ASC Topic 820, “Fair Value Measurements and Disclosures,” requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, “Financial Instruments,” defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables, certain other current assets and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company’s warrant liability is carried at fair value totaling $8,354 and $6,160, as of September 30, 2012 and 2011, respectively. The Company’s conversion option liability is carried at fair value totaling $1,479,204 and $96,126 as of September 30, 2012 and 2011, respectively. The Company used Level 2 inputs for its valuation methodology for the warrant liability and conversion option liability as their fair values were determined by using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2012
Annual dividend yield	-
Expected life (years)	0.25 – 4.75
Risk-free interest rate	0.01% -0.81%
Expected volatility	183%

Expected volatility is based primarily on historical volatility. Historical volatility was computed using daily pricing observations for recent periods that correspond to the term of the warrants and conversion options. We believe this method produces an estimate that is representative of our expectations of future volatility over the expected term of these warrants and conversion options. We have no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining term of the warrants and conversion options. The risk-free interest rate is based on U.S. Treasury securities with maturity terms similar to the expected remaining term of the warrants and conversion options.

At September 30, 2012, the Company identified the following assets and liabilities that are required to be presented on the balance sheet at fair value:

	Fair Value As of September 30, 2012	Fair Value Measurements at September 30, 2011 Using Fair Value Hierarchy		
Liabilities	Level 1	Level 1	Level 2	Level 3
Warrant liability	$ 8,364	-	$ 8,364	-
Conversion option liability	1,479,204	-	1,479,204	-
Total accrued derivative liabilities	$ 1,487,568	-	$ 1,487,568	-

For the year ended September 30, 2012, the Company recognized a gain of $2,402 for the change in the fair value of accrued warrant liability and the Company recognized a loss of $1,190,295 for the change in fair value of accrued beneficial conversion liability, respectively. For the year ended September 30, 2011, the Company recognized a gain of $167,696 for the change in the fair value of accrued warrant liability and $647 for the change in fair value of accrued beneficial conversion liability.

The Company did not identify any other non-recurring assets and liabilities that are required to be presented in the consolidated balance sheets at fair value in accordance with ASC 825.

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Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Company's consolidated financial statements. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes were incurred during the years ended September 30, 2012 and 2011.

Basic and Diluted Net Loss Per Share

The Company reports loss per share in accordance with the ASC Topic 260, "Earnings-Per-Share." Basic-earnings per-share is based upon the weighted average number of common shares outstanding. Diluted-earnings-per-share is based on the assumption that all dilutive convertible shares and stock warrants were converted or exercised. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. Due to the net loss for the years ended September 30, 2012 and 2011, none of the potential dilutive securities have been included in the calculation of dilutive earning per share because their effect would be anti-dilutive.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee's requisite service period. Under ASC 718, the Company's volatility is based on the historical volatility of the Company's stock or the expected volatility of similar companies. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company uses the Black-Scholes option-pricing model which was developed for use in estimating the fair value of options. Option-pricing models require the input of highly complex and subjective variables including the expected life of options granted and the Company's expected stock price volatility over a period equal to or greater than the expected life of the options. Because changes in the subjective assumptions can materially affect the estimated value of the Company's employee stock options, it is management's opinion that the Black-Scholes option-pricing model may not provide an accurate measure of the fair value of the Company's employee stock options. Although the fair value of employee stock options is determined in accordance with ASC 718 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/seller market transaction.

The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Recent Accounting Pronouncements

In December 2011, the FASB issued guidance on offsetting (netting) assets and liabilities. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The new guidance is effective for annual periods beginning after January 1, 2013.

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In September 2011, the FASB issued guidance on testing goodwill for impairment. The new guidance provides an entity the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If an entity determines that this is the case, it is required to perform the currently prescribed two-step goodwill impairment test to identify potential goodwill impairment and measure the amount of goodwill impairment loss to be recognized for that reporting unit (if any). If an entity determines that the fair value of a reporting unit is no less than its carrying amount, the two-step goodwill impairment test is not required. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted.

In June 2011, the FASB issued guidance on presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. The new guidance is effective for annual periods beginning after December 15, 2011. In December 2011, the FASB issued a deferral of certain portion of this guidance.

In May 2011, the FASB issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counter-party credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance is effective for annual periods beginning after December 15, 2011.

Note 3 – Equipment

Equipment consisted of the following at September 30, 2012 and 2011:

	September 30, 2012	September 30, 2011
Office furniture and equipment	$ 9,879	$ 9,879
Computer equipment	8,930	8,930
	18,809	18,809
Accumulated depreciation	(17,450)	(15,909)
Equipment, net	$ 1,359	$ 2,900

The Company recorded depreciation expense of $2,588 and $3,187 for the years ended September 30, 2012 and 2011.

Note 4 – Intangible Assets

The Company incurred legal costs in acquiring patent and trademark rights. These costs are projected to generate future positive cash flows in the near term and have been capitalized to intangible assets in the period incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively.

Intangible assets consist of the following:

	September 30, 2012	September 30, 2011
Patents	$ 46,862	$ 49,586
Trademarks	4,995	6,243
Licensing rights	4,214	4,214
	56,071	60,043
Accumulated Amortization	(7,334)	(6,076)
Intangibles, net	$ 48,737	$ 53,967

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The Company recorded amortization expense related to the intangible assets of $2,092 and $1,554 for the years ended September 30, 2012 and 2011, respectively.

The following table summarizes the amortization for the above intangible assets over the next 3 years and thereafter:

Years ended September 30,		Amount
2013	$	2,092
2014		2,092
2015		2,092
	$	6,276

Convertible Promissory Note Issued August 15, 2006

On August 15, 2006, the Company issued a secured promissory note (the "August 2006 Note") for $250,000 to an unrelated entity (the "Holder"). On November 10, 2007, the August 2006 Note was amended (the "Amended Note"). At the date of the amendment, the Company was obligated to pay to the Holder $262,356 which represented the principal and accrued interest, and the Holder was entitled to purchase shares of the Company's securities pursuant to a Warrant to Purchase Common Stock dated August 15, 2006 ("August 2006 Warrant"). In contemplation of the completion of the reverse merger, the Company and the Holder reached an agreement whereby this Amended Note superseded the August 2006 Note and canceled the August 2006 Warrant. The principal amount of the Amended Note is $262,356, is unsecured and is convertible into 6,340,029 shares of common stock of the Company and bears interest at 4% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with the accrued but unpaid interest was due and payable upon the earlier of (i) November 9, 2010, at the written request of the Holder to the Company, or (ii) the occurrence of an event of default. At the date of amendment, the Company determined that the Amended Note had a beneficial conversion feature with a fair value of $767,047. The Company recorded a debt discount of $262,356 and expensed as financing costs the $504,691 of the beneficial conversion feature that exceeded the principal balance. The Company did not pay the note per the terms of the agreement and as of September 30, 2011, the total unpaid principal balance and accrued interest is $262,356 and $51,321, respectively.

Asher Convertible Promissory Note Issued July 22, 2010

On July 22, 2010, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher Note").

Pursuant to the Asher Note, Asher loaned to the Company the principal amount of $55,000. The Asher Note bears interest at a rate of 8%, and was due on April 21, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion.

On various days during the six months ended March 31, 2011, Asher converted the $55,000 note for 3,763,967 shares of the Company's common stock. .

Asher Convertible Promissory Note Issued February 22, 2011

On February 22, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher February 2011 Note").

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Pursuant to the Asher February 2011 Note, Asher loaned to the Company the principal amount of $40,000. The Asher February 2011 Note bears interest at a rate of 8%, and is due on November 17, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher February 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher February 2011 Note, while there remains any unpaid amounts owing on the Asher February 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher Note.

The Company has the right to pre-pay the Asher February 2011 Note during the first 120 days following the date of the Asher February 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher February 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $23,492 debt discount related to the beneficial conversion feature.

Asher converted the $40,000 note for 25,326,008 shares of the Company's common stock, completing on November 17, 2011.

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Asher Convertible Promissory Note Issued March 10, 2011

On March 10, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher March 2011 Note").

Pursuant to the Asher March 2011 Note, Asher loaned to the Company the principal amount of $42,500. The Asher March 2011 Note bears interest at a rate of 8%, and is due on December 7, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher March 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher March 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher March 2011 Note, while there remains any unpaid amounts owing on the Asher March 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher March 2011 Note.

The Company has the right to pre-pay the Asher March 2011 Note during the first 120 days following the date of the Asher March 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher March 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $24,960 debt discount related to the beneficial conversion feature.

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The note was paid by the conversion into 225,942,808 common shares over various days completing April 12, 2012.

Asher Convertible Promissory Note Issued May 18, 2011

On May 18, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher May 2011 Note").

Pursuant to the Asher May 2011 Note, Asher loaned to the Company the principal amount of $32,500. The Asher May 2011 Note bears interest at a rate of 8%, and is due on February 23, 2012. Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher May 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher May 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher May 2011 Note, while there remains any unpaid amounts owing on the Asher May 2011 Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher May 2011 Note.

The Company has the right to pre-pay the Asher May 2011 Note during the first 120 days following the date of the Asher May 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher May 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $19,087 debt discount related to the beneficial conversion feature.

The note was paid in full by conversion into 180,000,000 shares, over various days completing May 4, 2012.

Yaretz Convertible Promissory Note Issued April 5, 2011 – Related Party

On April 5, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with one of its directors, Dwayne Yaretz ("Yaretz"), in connection with the purchase by Yaretz of a Convertible Promissory Note (the "Yaretz Note").

Pursuant to the Yaretz Note, Yaretz loaned to the Company the principal amount of $50,000. The Yaretz Note bears interest at a rate of 8%, and is due on January 5, 2012. Yaretz may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Yaretz is prohibited under the Yaretz Note from converting amounts if principal and interest that would result in Yaretz receiving shares, which when combined with shares of the Company's common stock held by Yaretz, would result in Yaretz holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Yaretz Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Yaretz Note, while there remains any unpaid amounts owing on the Yaretz Note, the Company may not incur additional debt without Yaretz's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Yaretz; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Yaretz Note.
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The Company has the right to pre-pay the Yaretz Note during the first 120 days following the date of the Yaretz Note by paying to Yaretz 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Yaretz Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $29,365 debt discount related to the beneficial conversion feature.

Asher Convertible Promissory Note Issued January 10, 2012

On January 10, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $15,000, filed herein as Exhibit 10.33. On July 9, 2012, the Company paid $31,582 in full settlement of the note principle, accrued interest and prepayment penalty for a convertible note that had been entered into on January 10, 2012 in the principle amount of $15,000.

Asher Convertible Promissory Note Issued May 24, 2012

On May 24, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $37,500, filed herein as Exhibit 10.35.

Asher Convertible Promissory Note Issued August 14, 2012

On August 14, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $12,500, filed herein as Exhibit 10.36.

We received the funds on September 21, 2012. Pursuant to the Note, Asher loaned to the Company the principal amount of $12,500. The Note bears interest at a rate of 8%, and due on May 16, 2013, (the "Due Date"). Asher may convert principal and unpaid interest on the note into shares of the Company's common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price (the "Conversion Price") which is equal to 51% of the average of the three lowest trading prices of the Company's common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company's common stock held by Asher, would result in Asher holding more than 4.99% of the Company's then-outstanding common stock. No registration rights were granted in connection with the purchase of the Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

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Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Asher's approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 120 days following the date of the Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

Pursuant to the SPA, the Company agreed to grant to Asher a right of first refusal for any subsequent transactions occurring during the twelve month period following the Closing Date, which was defined as September 21, 2013. The right of first refusal does not apply to any transactions in excess of $250,000.

In the above transaction, the Note was issued to an accredited investor pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

These descriptions of the SPA and the Note are not complete, and are qualified in their entirety by reference to the SPA and the Note themselves, which are included in this filing as exhibits and which are incorporated herein by this reference.

As of September 30, 2012, the Company has notes outstanding to Asher in the amount of $12,500 plus accrued interest. That amount plus interest is expected to be converted into shares in accordance with the Convertible Notes referred to above.

The Company recorded interest expense relating to the convertible promissory notes of $35,063 and $25,049 for the years ended September 30, 2012 and 2011, respectively.

The Company amortized $114,897 and $101,730 of the debt discount for the years ended September 30, 2012 and 2011, respectively.

The following table summarizes the convertible promissory notes at September 30, 2012 and September 30, 2011:

	September 30, 2012	September 30, 2011
Issued August 2006, amended November 2007	$ 262,356	$ 262,356
Issued through September 30, 2011	220,000	220,000
Issued during fiscal year 2012	115,000	
Less amounts converted	(170,000)	(73,000)
Less principle amount paid off	(15,000)	
Less: Debt discount	(21,868)	(29,533)
Convertible promissory notes, net	$ 390,488	$ 379,823

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Note 5 - License Agreement

On January 12, 2009, the Company entered into a Licensing Agreement with an unrelated party. The Licensing Agreement gives the Company the right to manufacture, have manufactured, use, import, and offer to sell, lease, distribute or otherwise exploit certain technology rights and intellectual rights. The License Agreement has a term of ten years. As consideration for the License Agreement, the Company issued 57,143 shares of its common stock and paid $1,000 in cash. The Company determined the fair value of the License Agreement to be $7,429 based on the market value of its common stock on the date of the agreement plus the $1,000, for a total acquisition cost of $8,429, which is included in the accompanying consolidated balance sheet.

The Company recorded amortization expense related to the licensing agreement of $632 and $632 for the years ended September 30, 2012 and 2011, respectively.

Note 6 - Consulting Agreement

On January 15, 2010, the Company entered into a consulting agreement with Seahawk Capital Partners, Inc. The Company issued 1,000,000 shares of Company restricted stock and 2,000,000 warrants upon signing of agreement. In addition, the Company agreed to issue an additional 50,000 shares of restricted Company stock.

The exercise prices of the warrants are as follows and expire December 1, 2012:

Number of Warrants Issued	Exercise Price
285,714	$0.10 per share
285,714	$0.75 per share
285,714	$01.5 per share
285,714	$2.00 per share
285,714	$3.00 per share
285,714	$3.50 per share
285,716	$4.00 per share
2,000,000	

Note 7 - 5BARz Agreement

On March 29, 2012, the Company and 5BARz International, Inc. entered into a definitive set of agreements which super cede all previous agreements and amendments thereto. As a result of those agreements, the following arrangements between the Companies was established;

(i) 5BARz International, Inc. acquired a 60% interest in the patents and trademarks held by CelLynx Group Inc., referred to as the "5BARz™" technology. That interest in the technology was acquired for proceeds comprised of 9,000,000 shares of the common stock of the Company, valued at the date of acquisition at $0.20 per share or $1,800,000 USD. The acquisition agreement also clarified that the ownership interest in the "5BARz™" technology does represent that proportionate interest in income earned from the intellectual property. This acquisition of intellectual property represents an amendment to an original acquisition of a 50% interest in the CelLynx intellectual property for debt of $1,500,000 established on October 5, 2010.

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(ii) 5BARz International, Inc. agreed to make available to CelLynx Group, Inc. a revolving line of credit facility in the amount of $2.2 million dollars of which $668,844 is the net amount advanced as of September 30, 2012. In addition, advances in the amount of an additional $139,700 had been made under the terms of the revolving line of credit, and was repaid by conversion of such amount into shares. As a result aggregate advances under the line of credit have been $808,544. This revolving line of credit facility expires on October 5, 2013. Under the terms of the line of credit facility, the Company has the right to convert amounts due under the facility into common stock of CelLynx, at a conversion rate which is the lesser of a fixed conversion rate of $0.00015 per share or a variable rate which is calculated at 25% of the average lowest three closing bid prices of the CelLynx Group, Inc. common stock for a period which is ten (10) days prior to the date of conversion. At March 31, 2012, the Company converted an initial $78,500 of the amount due under the revolving line of credit facility for 350,000,000 shares of the capital stock of CelLynx Group, Inc. As a result, CelLynx became a consolidated subsidiary of 5BARz International Inc., on March 29, 2012,with a 60% interest in the Company. Subsequent conversions aggregating $61,200 have been made to maintain the 5BARz International Inc. ownership interest at 60%.

(iii) Pursuant to the Master Global Marketing and Distribution agreement between 5BARz International Inc. and CelLynx Group, Inc., 5BARz International, Inc. was obligated to pay to CelLynx Group, Inc. a royalty fee amounting to 50% of the Company's Net Earnings. That fee would be paid on a quarterly basis, payable in cash or immediately available funds and shall be due and payable not later than 45 days following the end of each calendar quarter of the year. The asset acquisition agreement amendment referred to herein specified that the royalties would be paid in relation to the ownership of the intellectual property.

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Note 8 – Stockholders' Equity

During fiscal year ended September 30, 2012 the following issuance of common stock, par value $0.001 per share was issued upon conversion of convertible promissory notes by Asher Enterprises, Inc.

Date	Number of shares issued	Principle/Interest Converted	Conversion rate
January 20, 2012	11,333,333	$1,700	$0.00015
February 21, 2012	12,000,000	$1,800	$0.00015
March 2, 2012	12,000,000	$1,800	$0.00015
March 9, 2012	12,000,000	$1,800	$0.00015
March 14, 2012	12,000,000	$1,800	$0.00015
March 16, 2012	12,000,000	$1,800	$0.00015
March 21, 2012	12,000,000	$1,800	$0.00015
March 27, 2012	12,000,000	$1,800	$0.00015
March 28, 2012	12,000,000	$1,800	$0.00015
March 29, 2012	15,333,333	$2,300	$0.00015
April 2, 2012	15,333,333	$2,300	$0.00015
April 4, 2012	18,000,000	$2,700	$0.00015
April 5, 2012	18,000,000	$2,700	$0.00015
April 10, 2012	18,000,000	$2,700	$0.00015
April 12, 2012	19,333,333	$2,900	$0.00015
April 16, 2012	23,333,333	$3,500	$0.00015
April 18, 2012	23,333,333	$3,500	$0.00015
April 21, 2012	23,333,333	$3,500	$0.00015
April 23, 2012	23,333,333	$3,500	$0.00015
April 26, 2012	23,333,333	$3,500	$0.00015
May 1, 2012	22,666,667	$3,400	$0.00015
May 3, 2012	23,333,333	$3,500	$0.00015
May 4, 2012	17,333,333	$2,600	$0.00015
May 8, 2012	30,000,000	$4,500	$0.00015
May 22, 2012	15,333,334	$2,300	$0.00015

In each issuance above, the shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Stock Options

At September 30, 2012 CelLynx Group Inc. has the following Options and Warrants outstanding.

The number and weighted average exercise prices of all options outstanding as of September 30, 2012, are as follows:

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	Options Exercisable			
	Range of Exercise Price	Number Outstanding as of September 30, 2012	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
$	$.0006	12,500,000	.0006	4.72
$	0.001	2,500,000	0.001	2.44
$	0.10 – 0.25	21,554,757	0.17	0.20
$	0.26-4.00	2,000,000	2.00	0.17
		38,554,757		

Warrants

The following table summarizes the warrant activity:

	Number of Warrants		Weighted Average Exercise Price	Average Remaining Contractual Life (in years)		Aggregate Intrinsic Value
Outstanding, December 31, 2011	42,514,757		0.12			
Granted	-		-			
Exercised	-		-			
Expired	10,060,000		-			
Outstanding, September 30, 2012	32,454,757	$	0.275	.88	$	–
Exercisable, September 30, 2012	32,454,757	$	0.27	.88	$	–

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Note 9 - Commitments and Contingencies

Operating Leases

The Company has terminated all operating leases. See litigation.

Litigation

As earlier reported in the Company's Form 10K and 10Q, the Company was a Defendant in an action brought by Dolphinshire L.P. regarding its office space in Mission Viejo, CA. That action has since been dismissed. Dolphinshire L.P., a California limited partnership v. CelLynx Group, Inc., a Nevada corporation and Does 1-10, Superior Court of California, Orange County, Case No. 00521213. On November 8, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 25910 Acero, Suite 370, Mission Viejo, CA 92691 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties and has moved the general office to 4014 Calle Isabella, San Clemente, CA 92672.

A similar action for past due rent has been filed as to its facility in El Dorado Hills, CA. CSS Properties, v. CelLynx Group, Inc., and Does 1-10, Superior Court of California, El Dorado County, Case No. PCU 2 0 110442. On October 12, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 5047 Robert J Matthews Parkway, El Dorado Hills, CA 95762 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties.

As had been previously reported in the Company's Form 10K and 10Q, the Company was facing claims for back wages by some of its former employees. Some of those claims have been partially paid and others were expected to be paid in the normal course of business or were to be otherwise defended. Those claims have now been incorporated into California Labor Commission awards in favor of those former employees. Those awards total approximately $312,986.45 depending on interest charges. The first award has been converted into a judgment in the amount of $118,224. Management had negotiated a monthly payment plan amounting to $10,000 per month commencing on February 1, 2012 and every month thereafter until the judgment has been satisfied. This agreement is now in the process of revision.

The Company has received a Cease Trading Order from the British Columbia Securities Commission (BCSC) alleging that the Company is in violation of the British Colombia reporting requirements. The BCSC has assumed that since two the Company's Directors are domiciled in BC that the company is controlled out of BC and therefore subject to its reporting requirements. The Company denies that premise and is appealing the issuance of the CTO.

Note 10 – Taxes

The Company has provided no current income taxes due to the losses incurred from October 11, 2005 (date of inception), through September 30, 2012. Net operating losses of approximately $7,200,000 at September 30, 2012, are available for carryover. The net operating losses will expire from 2022 through 2026. The Company has provided a 100% valuation allowance for the deferred tax benefit resulting from
the net operating loss carryover due to our limited operating history. In addressing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. When we demonstrate a history of profitable operation, we will reduce our valuation allowance at that time.

A reconciliation of the statutory Federal income tax rate and the effective income tax rate for the years ended September 30, 2012 and 2011 follows:

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	September 30, 2012	September 30, 2011
Statutory federal income tax rate	(34%)	(34%)
State income taxes (benefit), net of federal taxes	(6%)	(6%)
Equity instruments issued for compensation/services	16%	16%
Change in derivative liabilities	(5%)	(5%)
Non-cash financing costs	(3%)	(3%)
Valuation allowance	32%	32%
Effective income tax rate	—	—

The significant components of deferred tax assets and liabilities are as follows:

	September 30, 2012	September 30, 2011
Deferred tax assets:		
Net operating loss carryforwards	$ 7,200,000	$ 2,931,884
Valuation allowance	(7,200,000)	(2,931,884)
Net deferred tax assets	$ –	$ –

Note 11 – Related Party Transactions

On June 20, 2012, the Board of Directors passed a resolution for the issuance of options to each of the Directors as follows;

Name	Number of Options	Exercise price	Date of expiry
Mr. Norm Collins	6,000,000	$0.0006	October 9, 2013
Mr. Dwayne Yaretz	3,500,000	$0.0006	June 20, 2017
Mr. Malcolm Burke	3,000,000	$0.0006	June 20, 2017

Subsequent to the acquisition of a 60% interest in CelLynx Group, Inc. by 5BARz International Inc., on April 13, 2012 5BARz converted $7,700 for 51,333,333 shares of CelLynx Group, Inc. common stock and on May 15, 2012 5BArz Interantional Inc. converted $58,500 for 390,000,000 shares of CelLynx Group, Inc. common stock. These conversions made by 5BArz International Inc. maintain the equity interst held in CelLynx Group, Inc on or around 60% as CelLynx experisnces dilution from sales of shares to third parties.

Note 12 – Subsequent Events

The Company has evaluated all subsequent events that occurred up to the time of the Company's issuance of its financial statements.

Departure of Director

Mr. Norm Collins, Sr., who has served as a Director on the CelLynx Group, Inc., Board of Directors, since July 2008, and as the Chairman of the Board, since July 2010, has recently passed away. As a result, the Company held a Board of Directors meeting on October 13, 2012 to formally end Mr. Collins term of service with the Company. At that date, in addition to his Directorship, Mr. Collins acted as the interim Chief Executive Officer for the Company as well as the Chief Financial Officer. Further, Mr. Collins served on a committee of the Board of Directors, to search for a new CEO for the Company. On October 17, 2012, the Company issued a press release announcing the fact that Mr. Norm Collins, Sr. had passed away, and the loss of Mr. Collins as a valued director and officer of CelLynx Group, Inc.

Appointment of Certain Officers

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On October 13, 2012 the Board of Directors of CelLynx Group, Inc. appointed Mr. Dwayne Yaretz as the Chief Executive Officer as well as the Chief Financial Officer for the Company. Mr. Yaretz has been a Director of CelLynx Group, Inc. since December 19, 2009. Mr. Yaretz has also been a member of a Committee set up July 15, 2010, to search for a Chief Executive Officer for the Company.

The compensation arrangements for Mr. Yaretz are comprised of a monthly fee of $10,000 per month, with such compensation to be deferred until such time as the Company has adequate working capital to pay the fees accrued to Mr. Yaretz.

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SIGNATURES

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

CELLYNX GROUP, INC.

Dated: January 15, 2013

By: s/ Dwayne Yaretz
Dwayne Yaretz
Chief Executive Officer and Chairman of the Board

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

Name	Position	Date
By: s/ Dwayne Yaretz Dwayne Yaretz	Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and CFO (Chief Financial Officer)	January 15, 2013
By: s/ Malcolm P. Burke Malcolm P. Burke	Director	January 15, 2013

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THOMAS J. HARRIS
CERTIFIED PUBLIC ACCOUNTANT
3901 STONE WAY N., SUITE 202
SEATTLE, WA 98103
206.547.6050

REGISTERED AUDITOR'S CONSENT

I, Thomas J. Harris, CPA, of 3901 Stone Way North, Suite # 202, Seattle, WA. 98103, do hereby consent to the use of my report dated January 14, 2013 on the financial statements of CelLynx Group, Inc. as of September 30, 2012 be included in and made part of any filing to be filed with the U. S. Securities and Exchange Commission. I also consent to your use of my name as in the Experts Section of those forms.

Dated this 14th day of January, 2013.

Thomas J. Harris
Certified Public Accountant

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Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dwayne Yaretz, certify that:

1. I have reviewed this annual report on Form 10-K of CelLynx Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 14d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2013

/s/ Dwayne Yaretz

Dwayne Yaretz
Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dwayne Yaretz, certify that:

1. I have reviewed this annual report on Form 10-K of CelLynx Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 14d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 15, 2013

/s/ Dwayne Yaretz

Dwayne Yaretz, Chief Financial Officer
(Principal Financial Officer)

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the periodic report of CelLynx Group, Inc. (the "Company") on Form 10-K for the year ending September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Dwayne Yaretz, Chief Executive Officer (Principal Executive Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: January 15, 2013

/s/ Dwayne Yaretz

Dwayne Yaretz
Chief Executive Officer
(Principal Executive Officer)

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

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the periodic report of CelLynx Group, Inc. (the "Company") on Form 10-K for the year ending September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Dwayne Yaretz, Chief Financial Officer (Principal Financial Officer) of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: January 15, 2013 /s/ Dwayne Yaretz

Dwayne Yaretz, Chief Financial Officer
(Principal Financial Officer)

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

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Financing Agreements Terms(Details)	0 Months Ended			
	Sep. 04, 2012	May 24, 2012	Jan. 10, 2012	Jan. 05, 2012
Financing Agreements Termsdetails				
Terms	Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock.	Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock. Pursuant to the terms of the Note, while there	Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable determined to be the lesser of a fixed rate of $0.00015 per share or a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 25% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock. Pursuant to the terms of	Holder may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined to be the amount obtained by dividing the amount to be converted by the conversion price which is the lesser of $0.0013 per share or 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Holder is prohibited under the Note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock. No registration rights were granted in connection with the purchase of the Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144. Pursuant to the terms of the Note,

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remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder

the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

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150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

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Litigation(Details) (USD $) (USD $)	0 Months Ended Nov. 08, 2011	1 Months Ended Feb. 01, 2012
Litigation		
Description	Past Due Rent	Back Wages
Unspecified amount of damages not to exceed	$25,000	
Back Wages		$ 312,986
Judgment		118,224
Monthly payments		$ 10,000
Date to begin payments		2/1/2012

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Options Outstanding (Details) (USD $) (USD $)	12 Months Ended Sep. 30, 2012
Number of Options Outstanding	38,554,757
$.0006	
Exercise price range, lower range (in dollars per share)	$ 0.0006
Exercise price range, upper range (in dollars per share)	$ 0.0006
Number of Options Outstanding	12,500,000
Weighted Average Exercise Price	$ 0.0006
Weighted Average Remaining Contractual Life	4 years 7 months 2 days
$0.001	
Exercise price range, lower range (in dollars per share)	$ 0.001
Exercise price range, upper range (in dollars per share)	$ 0.001
Number of Options Outstanding	2,500,000
Weighted Average Exercise Price	$ 0.001
Weighted Average Remaining Contractual Life	2 years 4 months 4 days
$0.010-0.25	
Exercise price range, lower range (in dollars per share)	$ 0.10
Exercise price range, upper range (in dollars per share)	$ 0.25
Number of Options Outstanding	21,554,757
Weighted Average Exercise Price	$ 0.17
Weighted Average Remaining Contractual Life	0 years 2 months 0 days
$0.26-4.00	
Exercise price range, lower range (in dollars per share)	$ 0.26
Exercise price range, upper range (in dollars per share)	$ 4.00
Number of Options Outstanding	2,000,000
Weighted Average Exercise Price	$ 2.00
Weighted Average Remaining Contractual Life	0 years 1 month 7 days

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Equipment (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Property, Plant and Equipment [Line Items]		
Property and Equipment	$ 18,809	$ 18,809
Accumulated depreciation	(17,450)	(15,909)
Furniture & equipment net	1,359	2,900
Furniture and Equipment		
Property, Plant and Equipment [Line Items]		
Property and Equipment	9,879	9,879
Computer Equipment		
Property, Plant and Equipment [Line Items]		
Property and Equipment	$ 8,930	$ 8,930

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Consulting Agreement (Tables) (USD $)	12 Months Ended Sep. 30, 2012	
Consulting Agreement Tables Usd		
Exercise price for warrants, Ageement January 15, 2010	Number of Warrants Issued	Exercise Price
	285,714	$0.10 per share
	285,714	$0.75 per share
	285,714	$01.5 per share
	285,714	$2.00 per share
	285,714	$3.00 per share
	285,714	$3.50 per share
	285,716	$4.00 per share
	2,000,000	

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Taxes - Components of deferred tax assets and liabilities (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Components of Deferred Tax Assets [Abstract]		
Net operating loss carryforwards	$ 2,931,884	$ 2,931,884
Valuation allowance	(2,931,884)	(2,931,884)
Net deferred tax assets		

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License Agreement (Details) (USD $) (USD $)	3 Months Ended		9 Months Ended	12 Months Ended	0 Months Ended
	Sep. 30, 2012	Sep. 30, 2011	Jun. 30, 2011	Sep. 30, 2012	Jan. 12, 2009 License rights
Term of License Agreement					10 years
Common Stock, issued for license agreeement					57,143
Cash Paid					$ 1,000
Fair Value of License Agreement					7,429
Acquisiton Cost					8,429
Amortization of License Agreement	$ 105	$ 105	$ 526	$ 315	

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Intangible Assets - Amortization Expense(Details Narrative) (USD $) (USD $)	**Sep. 30, 2012**
Intangible Assets - Amortization Expensedetails Narrative Usd	
2013	$ 2,092
2014	2,092
2015	2,092
Total Amortization	$ 6,276

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Related Party Transactions (Details Narrative) (5BARz International Inc.,, USD $)	0 Months Ended	
	May 15, 2012	Apr. 13, 2012
5BARz International Inc.,		
Issuance of common stock	$ 58,500	$ 7,700
Issuance of common stock(in Shares)	390,000,000	51,333,333

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Warrant Activity (Details) (USD $) (USD $)	9 Months Ended Sep. 30, 2012
Warrant Activity	
Outstanding at December 31, 2011, Number of Warrants	42,514,757
Granted, Number of shares	
Exercised, Number of shares	
Expired, Number of shares	10,060,000
Outstanding at September 30, 2012, Number of Warrants	32,454,757
Weighted Average Exericse Price	
Outstanding at December 31, 2011,Weighted average exercise price	$ 0.12
Granted, Weighted average exercise price	
Exercised, Weighted average exercise price	
Expired, Weighted average exercise price	
Outstanding and exercisable at September 30, 2012, Weighted average exercise price	$ 0.27
Outstanding at September 30, 2012, Average Remaining Contractual Life	0 years 8 months 8 days
Outstanding and exercisable at September 30, 2012, Aggregate Intrinsic Value	$ 0
Warrant	
Warrant Activity	
Outstanding at September 30, 2012, Number of Warrants	32,454,757
Exercisable at September 30, 2012, Number of Warrants	32,454,457
Weighted Average Exericse Price	
Outstanding and exercisable at September 30, 2012, Weighted average exercise price	$ 0.27

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Equipment	12 Months Ended Sep. 30, 2012
Notes to Financial Statements	
Equipment	

Note 3 – Equipment

Equipment consisted of the following at September 30, 2012 and 2011:

	September 30, 2012	September 30, 2011
Office furniture and equipment	$ 9,879	$ 9,879
Computer equipment	8,930	8,930
	18,809	18,809
Accumulated depreciation	(17,450)	(15,909)
Equipment, net	$ 1,359	$ 2,900

The Company recorded depreciation expense of $2,588 and $3,187 for the years ended September 30, 2012 and 2011.

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Consulting Agreement, January 15, 2010 (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011	Jan. 15, 2010 $0.10 per share	Jan. 15, 2010 $0.75 per share	Jan. 15, 2010 $1.50 per share	Jan. 15, 2010 $2.00 per share	Jan. 15, 2010 $3.00 per share	Jan. 15, 2010 $3.50 per share	Jan. 15, 2010 $4.00 per share	0 Months Ended Jan. 15, 2010 January 15, 2012
Number of Warrants Issued	32,454,757	42,514,757	285,714	285,714	285,714	285,714	285,714	285,714	285,716	2,000,000
Exercise Price			0.10	0.75	1.5	2.00	3.00	3.5	4.0	
Restricted Stock Issued										1,000,000
Additional Restricted Stock Issued										50,000

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Organization (Details) (USD $)	12 Months Ended		0 Months Ended	1 Months Ended	12 Months Ended			1 Months Ended	0 Months Ended
	Sep. 30, 2010	Sep. 30, 2009	May 07, 2012 Common Stock	Mar. 23, 2012 Common Stock	Sep. 30, 2011 Common Stock	Sep. 30, 2010 Common Stock	Sep. 30, 2009 Common Stock	Jul. 24, 2008 Cash	Nov. 07, 2008 Seires A Preferred Stock
Common shares authorized			2,000,000,000	1,000,000,000					400,000,000
Common shares issued						23,636,897	6,845,000	10,500,000	45,516,034
Exercise price								$ 0.020	
Proceeds from common shares issued	$ 1,510,701	$ 713,000				$ 23,637	$ 6,844	$ 1,575,000	
Converted Series A Preferred Stock					10,192,539	6,290,792			45,516,034

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Related Party Transactions (Tables)	12 Months Ended Sep. 30, 2012
Related Party Transactions [Abstract]	
Issuance of stock options	

Name	Number of Options	Exercise price	Date of expiry
Mr. Norm Collins	6,000,000	$0.0006	October 9, 2013
Mr. Dwayne Yaretz	3,500,000	$0.0006	June 20, 2017
Mr. Malcolm Burke	3,000,000	$0.0006	June 20, 2017

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Asset Acquistion Agreement (Details) (USD $) (USD $)	1 Months Ended Mar. 29, 2012	12 Months Ended Sep. 30, 2012
Asset Acquistion Agreement Details Usd		
Name of Company	5 BARz International Inc.	
Date of Agreement	Dec. 31, 2010	
Date	Mar. 29, 2012	
Asset Purchase Agreement		
Interest sold in Patents and trademarks	60.00%	
Common stock, received for acquisition	9,000,000	
Price per share	$ 0.20	
Proceeds acquisition	$ 1,800,000	
Revolving Line of Credit and Security Agreement		
Amount of credit facility	2,200,000	
Amount of credit facility advanced		808,544 [1]
Expiration date of credit facility		10/5/2013
Conversion Rate-per share of 5BARz common stock-Lesser of:		
(1) fixed Conversion Rate-per share		$ 0.00015
(2) Variable Conversion Rate-per share	25% [2]	
Amount of credit facility converted to capital stock of Cellynx Group, Inc.		78,500
Subsequent conversions		$ 61,200
Amount of Shares of Cellynx Group, Inc. resulting from conversion of credit facility		350,000,000
Master Global Marketing and Distribution agreement		
Royalty fee to Cellynx Group, as % of Company's Net Earnings	50% [3]	

[1] $668,844 is the net amount advanced as of September 30, 2012. In addition, advances in the amount of an additional $139,700

[2] 25% of average lowest three closing bid prices of Cellynx Group, Inc. common stock for a period which is ten (10) days prior to the date of conversion.

[3] That fee would be paid on a quarterly basis, payable in cash or immediately available funds and shall be due and payable not later than 45 days following the end of each calendar quarter of the year.

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Organization:CeLlynx-California Agreement (Details) (CeLlynx-California Shareholders, USD $)	0 Months Ended		1 Months Ended	
	Aug. 05, 2008		Jul. 24, 2008	
CeLlynx-California Shareholders				
Common shares authorized			77,970,956	
CeLLynx California common Stock			61,983,580	
Series A preferred stock, issued			45,516,034	[1]
Common Stock, issued for CelLynx California-Capital Stock			32,454,922	
Net Assets, reverse merger transaction	$ 1,248,748	[2]		

[1] The Series A Preferred Stock automatically would convert into common stock on a one-to-one ratio upon the authorized capital stock of the Company being increased to include not less than 150,000,000 shares of common stock.

[2] Each CelLynx-California shareholder received 1.2579292 shares of stock in the Company for each share of CelLynx- California capital stock.

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Organization: Going Concern (Details) (USD $)	12 Months Ended				
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2009	Jun. 30, 2009
Organization Going Concern Details					
Net Loss	$ (567,082)	$ (1,317,709)	$ (3,637,353)	$ (3,978,762)	
Accumulated deficit	(17,196,353)	(16,629,272)			
Working Capital Deficit	(4,418,370)	(2,376,878)			
Negative Cash Flows from operations	(310,913)	(691,810)			
Accumulated Deficit Develpment Stage					$ (10,948,625)

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Summary of Significant Accounting Policies

Notes to Financial Statements

Summary of Significant Accounting Policies

12 Months Ended
Sep. 30, 2012

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of CelLynx Group, Inc., and its 100% wholly owned subsidiary, CelLynx, Inc. All intercompany accounts and transactions have been eliminated in consolidation.

Cash

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Inventory

Inventory consists of finished goods ready for sale and is valued at the lower of cost (determined on a first-in, first-out basis) or market. The Company reviews its reserves for slow moving and obsolete inventories. As of September 30, 2011, the Company wrote off its entire inventory balance.

Accounts Receivable

The Company maintains reserves for potential credit losses for accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded based on the Company' s historical collection history. Receivables are written off when they are determined to be uncollectible. As of September 30, 2010, the Company determined that allowance for bad debt was not necessary.

Other Receivable

Other receivables were amounts due from the sale of 50% of the Company' s intangible assets.

Use of Estimates

The preparation 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 disclosures 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.

Concentration of Credit Risk

Cash includes deposits in accounts maintained at financial institutions. Certain financial instruments, which subject the Company to concentration of credit risk, consist of cash. The Company maintains balances at financial institutions which, from time to time, may exceed Federal Deposit Insurance Corporation insured limits for the banks located in the United States. As of September 30, 2012 and 2011, the Company did not have any deposits in excess of federally-insured limits. To date, the Company has not experienced any losses in such accounts.

Equipment

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Equipment is recorded at historical cost and is depreciated using the straight-line method over their estimated useful lives. The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are consistent with the anticipated pattern of future economic benefits. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains and losses on disposals are included in the results of operations. The useful life of the equipment is being depreciated over three years.

Intangible Assets

Acquired patents, licensing rights and trademarks are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees, and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized costs for patents are amortized on a straight-line basis over the remaining twenty-year legal life of each patent after the costs have been incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively. The licensing right is amortized on a straight-line basis over a period of 10 years.

Impairment or Disposal of Long-lived Assets

The Company applies the provisions of Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review, the Company believes that as of September 30, 2012, and September 30, 2011, there was no significant impairment of its long-lived assets.

Revenue Recognition

The Company's revenue recognition policies are in compliance with ASC Topic 605, "Revenue Recognition." Revenue is recognized at the date of shipment to customers, and when the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured.

The gain on the sales of intangible assets is fully recognized as payment in full has been made by the delivery of 9,000,000 shares of common stock in 5BARz International Inc.

Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables, certain other current assets and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments

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and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company' s warrant liability is carried at fair value totaling $8,364 and $6,160, as of September 30, 2012 and 2011, respectively. The Company' s conversion option liability is carried at fair value totaling $1,479,204 and $96,126 as of September 30, 2012 and 2011, respectively. The Company used Level 2 inputs for its valuation methodology for the warrant liability and conversion option liability as their fair values were determined by using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2012
Annual dividend yield	-
Expected life (years)	0.25 - 4.75
Risk-free interest rate	0.01% -0.81%
Expected volatility	183%

Expected volatility is based primarily on historical volatility. Historical volatility was computed using daily pricing observations for recent periods that correspond to the term of the warrants and conversion options. We believe this method produces an estimate that is representative of our expectations of future volatility over the expected term of these warrants and conversion options. We have no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining term of the warrants and conversion options. The risk-free interest rate is based on U.S. Treasury securities with maturity terms similar to the expected remaining term of the warrants and conversion options.

At September 30, 2012, the Company identified the following assets and liabilities that are required to be presented on the balance sheet at fair value:

	Fair Value As of September 30, 2012	Fair Value Measurements at September 30, 2012 Using Fair Value Hierarchy		
Liabilities		Level 1	Level 2	Level 3
Warrant liability	$ 8,364	-	$ 8,364	-
Conversion option liability	1,479,204	-	1,479,204	-
Total accrued derivative liabilities	$ 1,487,568	-	$ 1,487,568	-

For the year ended September 30, 2012, the Company recognized a loss of $2,402 for the change in the fair value of accrued warrant liability and the Company recognized a loss of $1,190,295 for the change in fair value of accrued beneficial conversion liability, respectively. For the year ended September 30, 2010, the Company recognized a gain of $167,696 for the change in the fair value of accrued warrant liability and $647 for the change in fair value of accrued beneficial conversion liability.

The Company did not identify any other non-recurring assets and liabilities that are required to be presented in the consolidated balance sheets at fair value in accordance with ASC 825.

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Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Company' s consolidated financial statements. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes were incurred during the years ended September 30, 2012 and 2011.

Basic and Diluted Net Loss Per Share

The Company reports loss per share in accordance with the ASC Topic 260, "Earnings-Per-Share." Basic-earnings per-share is based upon the weighted average number of common shares outstanding. Diluted-earnings-per-share is based on the assumption that all dilutive convertible shares and stock warrants were converted or exercised. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. Due to the net loss for the years ended September 30, 2012 and 2011, none of the potential dilutive securities have been included in the calculation of dilutive earning per share because their effect would be anti-dilutive.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee' s requisite service period. Under ASC 718, the Company' s volatility is based on the historical volatility of the Company' s stock or the expected volatility of similar companies. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company uses the Black-Scholes option-pricing model which was developed for use in estimating the fair value of options. Option-pricing models require the input of highly complex and subjective variables including the expected life of options granted and the Company' s expected stock price volatility over a period equal to or greater than the expected life of the options. Because changes in the subjective assumptions can materially affect the estimated value of the Company' s employee stock options, it is management' s opinion that the Black-Scholes option-pricing model may not provide an accurate measure of the fair value of the Company' s employee stock options. Although the fair value of employee stock options is determined in accordance with ASC 718 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/seller market transaction.

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The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Recent Accounting Pronouncements

In December 2010, the FASB issued updated guidance on when and how to perform certain steps of the periodic goodwill impairment test for public entities that may have reporting units with zero or negative carrying amounts. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010, with early adoption prohibited. The adoption of this standard update did not impact the Company' s consolidated financial statements.

In May 2011, the FASB issued guidance to amend certain measurement and disclosure requirements related to fair value measurements to improve consistency with international reporting standards. This guidance is effective prospectively for public entities for interim and annual reporting periods beginning after December 15, 2011, with early adoption by public entities prohibited. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its consolidated financial statements.

In June 2011, the FASB issued new guidance on the presentation of comprehensive income that will require a company to present components of net income and other comprehensive income in one continuous statement or in two separate, but consecutive statements. There are no changes to the components that are recognized in net income or other comprehensive income under current GAAP. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its consolidated financial statements.

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Organization: Fair Value (Details) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Warranty Liablilty at Fair Value	$ 8,364	$ 6,160
Conversion Option Liability at Fair Value	1,479,204	96,126
Loss on change in the Fair value of accrued warranty liability	2,402	167,696
Gain/Loss in the Benefical conversion Liability	1,190,295	647
Level 2 Valuation Methodolgy		
Annual Dividend Yield		
Exepected Life (years)	0.25-4.75	
Risk-free Interest	0.01%-0.81%	
Expected volatility	183.00%	
Level 1		
Warranty Liablilty at Fair Value	8,364	
Conversion Option Liability at Fair Value	1,479,204	
Accured Derivative Liabilities	14,857,568	
Level 2		
Warranty Liablilty at Fair Value		8,364
Conversion Option Liability at Fair Value		1,479,204
Accured Derivative Liabilities		$ 1,487,568

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Convertible Promissory Notes (Details Narrative) (USD $) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Interest and Debt Expense [Abstract]		
Interest Expense	$ 35,063	$ 25,049
Amortization of Debt Discount	$ 114,897	$ 101,730

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Subsequent Events (Details Narrative) (USD $)	12 Months Ended Sep. 30, 2012
Subsequent Events Details Narrative	
Deferred monthly compensation	$ 10,000

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Consolidated Balance Sheets (USD $)	Sep. 30, 2012	Sep. 30, 2011
CURRENT ASSETS:		
Cash	$ (284)	$ 178
Accounts receivable		
Other receivable		1,200,651
Investment in 5Barz - current		
Prepaids and other current assets		20,090
TOTAL CURRENT ASSETS	(284)	1,220,919
EQUIPMENT, net	1,359	2,900
INTANGIBLE ASSETS, net	48,737	53,967
TOTAL ASSETS	49,812	1,277,786
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	1,890,211	1,622,307
Accrued interest	69,346	51,692
Accrued derivative liabilities	1,487,568	102,286
Deferred gain		1,200,651
Line of credit net of debt discount of $88,371	580,473	241,038
Convertible promissory notes, net of debt discount of $18,868.68 and $29,533 as of September 30, 2012 and September 30, 2011, respectively	390,488	379,823
TOTAL CURRENT LIABILITIES	4,418,086	3,597,797
TOTAL LIABILITIES	4,418,086	3,597,797
STOCKHOLDERS' DEFICIT:		
Series A preferred stock, $0.001 par value; 100,000,000 shares authorized; nil shares issued and outstanding		
Common stock, $0.001 par value, 2,000,000,000 shares authorized; 1,457,498,081 and 195,991,082 shares issued and outstanding as of September 30, 2012 and September 30, 2011, respectively	1,457,498	195,991
Additional paid-in capital	13,170,581	14,113,270
Accumulated deficit	(17,196,353)	(16,629,272)
Treasury stock - shares held in 5BARz International Inc.	450,000	
Accumulated other comprehensive income	(1,350,000)	
Total stockholders' deficit	(4,368,275)	(2,320,011)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 49,812	$ 1,277,786

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Stockholders Equity (Details) (USD $) (USD $)	12 Months Ended Sep. 30, 2012
Conversion rate	$ 0.00015
January 20, 2012	
Date	January 20, 2012
Number of shares issued	11,333,333
Principle/Interest Converted	$ 1,700
February 21, 2012	
Date	February 21, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 2, 2012	
Date	March 2, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 9, 2012	
Date	March 9, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 14, 2012	
Date	March 14, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 16, 2012	
Date	March 16, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 21, 2012	
Date	March 21, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 27, 2012	
Date	March 27, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 28, 2012	
Date	March 28, 2012
Number of shares issued	12,000,000
Principle/Interest Converted	1,800
March 29, 2012	
Date	March 29, 2012
Number of shares issued	15,333,333
Principle/Interest Converted	2,300

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April 2, 2012

Date	April 2, 2012
Number of shares issued	15,333,333
Principle/Interest Converted	2,300

April 4, 2012

Date	April 4, 2012
Number of shares issued	18,000,000
Principle/Interest Converted	2,700

April 5, 2012

Date	April 5, 2012
Number of shares issued	18,000,000
Principle/Interest Converted	2,700

April 10, 2012

Date	April 10, 2012
Number of shares issued	18,000,000
Principle/Interest Converted	2,700

April 12, 2012

Date	April 12, 2012
Number of shares issued	19,333,333
Principle/Interest Converted	2,900

April 16, 2012

Date	April 16, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

April 18, 2012

Date	April 18, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

April 21, 2012

Date	April 21, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

April 23, 2012

Date	April 23, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

April 26, 2012

Date	April 26, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

May 1, 2012

Date	May 1, 2012
Number of shares issued	22,666,667
Principle/Interest Converted	3,400

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May 3, 2012

Date	May 3, 2012
Number of shares issued	23,333,333
Principle/Interest Converted	3,500

May 4, 2012

Date	May 4, 2012
Number of shares issued	17,333,333
Principle/Interest Converted	2,600

May 8, 2012

Date	May 8, 2012
Number of shares issued	30,000,000
Principle/Interest Converted	4,500

May 22, 2012

Date	May 22, 2012
Number of shares issued	15,333,334
Principle/Interest Converted	$ 2,300

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Consolidated Statements of Cash Flows (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (567,082)	$ (1,317,709)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,588	6,946
Stock issued for services		241,948
Note payable issued for services	50,000	
Stock compensation expense for options issued to employees and consultants	79,618	278,395
Change in fair value of accrued beneficial conversion liability	1,190,295	(647)
Change in fair value of accrued warrant and option liability	2,402	(167,696)
Gain on sale of intangible assets	(1,485,513)	(239,303)
Amortization of debt discount	114,897	101,730
Gain on settlement of debt	(3,766)	
Changes in operating assets and liabilities:		
Change in accounts receivable		1,925
Change in inventory		30,212
Change in other assets	20,090	145,321
Change in accounts payable, accrued expenses and accrued interest	285,558	227,068
Net cash used in operating activities	(310,913)	(691,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of intangible assets		299,349
Net cash used in investing activities	0	299,349
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of shareholders convertible notes	(30,582)	
Proceeds from issuance of convertible notes	65,000	165,000
Proceeds from line of credit	276,033	221,038
Net cash provided by financing activities	310,451	386,038
NET DECREASE IN CASH	(462)	(6,423)
CASH, BEGINNING OF PERIOD	178	6,601
CASH, END OF PERIOD	(284)	178
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest		
Cash paid for income taxes		
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING:		
Conversion of convertible note payable to common stock	239,200	73,000
Deferred revenue from sale of intangible assets		$ 1,200,651

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Intangible Assets (Details) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Intangible Assets, Gross	$ 56,071	$ 60,043
Accumulated amortization	(7,334)	(6,076)
Intangibles Assets, net	48,737	53,967
Patents		
Intangible Assets, Gross	46,862	49,586
Trademarks		
Intangible Assets, Gross	4,995	6,243
License rights		
Intangible Assets, Gross	$ 4,214	$ 4,214

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Equipment (Tables)

12 Months Ended Sep. 30, 2012

Notes to Financial Statements

Equipment

	September 30, 2012	September 30, 2011
Office furniture and equipment	$ 9,879	$ 9,879
Computer equipment	8,930	8,930
	18,809	18,809
Accumulated depreciation	(17,450)	(15,909)
Equipment, net	$ 1,359	$ 2,900

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Intangible Assets (Details Narrative) (USD $)	12 Months Ended		
	Sep. 30, 2012	Sep. 30, 2011	Mar. 29, 2012
Amortization expense	$ 1,258	$ 1,554	
Interest sold in Patents and trademarks			60.00%
Maximum			
Life of amortization	20 years		
Minimum			
Life of amortization	10 years		

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Summary Convertible Promissory Notes (Tables) (USD $)	12 Months Ended Sep. 30, 2012		
Summary Convertible Promissory Notes Tables Usd			
Summary Convertible Promissory Notes			

	September 30, 2012	September 30, 2011
Issued August 2006, amended November 2007	$ 262,356	$ 262,356
Issued through September 30, 2011	220,000	220,000
Issued during fiscal year 2012	115,000	
Less principle amounts converted	(170,000)	(73,000)
Less principle amount paid off	(15,000)	
Less: Debt discount	(21,868)	(29,533)
Convertible promissory notes, net	$ 390,488	$ 379,823

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Organization and Basis of Reporting	12 Months Ended Sep. 30, 2012
Notes to Financial Statements	
Organization and Basis of Reporting	

Note 1 – Organization and Basis of Presentation

Organization and Line of Business

CelLynx Group, Inc. (the "Company") was originally incorporated under the laws of the State of Minnesota on April 1, 1998.

On July 23, 2008, prior to the closing of a Share Exchange Agreement (described below), the Company entered into a Regulation S Subscription Agreement pursuant to which the Company issued 10,500,000 shares of its common stock and warrants to purchase 10,500,000 shares of common stock at an exercise price of $0.20 per share to non-U.S. persons for an aggregate purchase price of $1,575,000.

On July 24, 2008, the Company entered into a Share Exchange Agreement, as amended, with CelLynx, Inc., a California corporation ("CelLynx-California"), and twenty-three CelLynx-California shareholders who, immediately prior to the closing of the transaction, collectively held 100% of CelLynx-California' s issued and outstanding shares of capital stock. As a result, the CelLynx-California shareholders were to receive 77,970,956 shares of the Company' s common stock in exchange for 100%, or 61,983,580 shares, of CelLynx-California' s common stock. However, the Company had only 41,402,110 authorized, unissued and unreserved shares of common stock available, after taking into account the shares of common stock issued in the July 23, 2008, financing described above. Pursuant to the Share Exchange Agreement, in the event that there was an insufficient number of authorized but unissued and unreserved common stock to complete the transaction, the Company was to issue all of the available authorized but unissued and unreserved common stock to the CelLynx-California shareholders in a pro rata manner and then establish a class of Series A Convertible Preferred Stock ("Series A Preferred Stock") and issue that number of shares of Series A Preferred Stock such that the common stock underlying the Series A Preferred Stock plus the common stock actually issued to the CelLynx-California shareholders would equal the total number of shares of common stock due to the CelLynx-California shareholders under the Share Exchange Agreement. As a result, the Company issued to the CelLynx-California shareholders an aggregate of 32,454,922 shares of common stock and 45,516,034 shares of Series A Preferred Stock. The Series A Preferred Stock automatically would convert into common stock on a one-to-one ratio upon the authorized capital stock of the Company being increased to include not less than 150,000,000 shares of common stock.

On November 7, 2008, the Company amended the Articles of Incorporation to increase the number of authorized shares to 400,000,000 and converted the 45,516,034 shares of Series A Preferred Stock into 45,516,034 shares of the Company' s common stock.

The exchange of shares with CelLynx-California was accounted for as a reverse acquisition under the purchase method of accounting because the shareholders of CelLynx-California obtained control of the Company. On August 5, 2008, NorPac Technologies, Inc., changed its name to CelLynx Group, Inc. Accordingly, the merger of CelLynx-California into the Company was recorded as a recapitalization of CelLynx-California, with CelLynx-California being treated as the continuing entity. The historical financial statements presented are the financial statements of CelLynx-California. The Share Exchange Agreement has been treated as a recapitalization and not as a business combination; therefore, no pro forma information is disclosed. At the date of the reverse merger transaction, the net assets of the legal acquirer CelLynx Group, Inc. were $1,248,748.

As a result of the reverse merger transactions described above, the historical financial statements presented are those of CelLynx-California, the operating entity. Each CelLynx-California shareholder received 1.2579292 shares of stock in the Company for each share of

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CelLynx-California capital stock. All shares and per-share information have been retroactively restated for all periods presented to reflect the reverse merger transaction.

On October 27, 2008, the Board of Directors approved a change of the Company' s fiscal year end from June 30 to September 30 to correspond to the fiscal year of CelLynx-California. The fiscal year end change was effective for the year ended September 30, 2008.

The Company develops and manufactures cellular network extenders which enable users to obtain stronger signals and better reception.

Going Concern and Exiting Development Stage

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company is unlikely to pay dividends or generate significant earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its stockholders, the ability of the Company to obtain necessary equity and debt financing to continue operations and to generate sustainable revenue. There is no guarantee that the Company will be able to raise adequate equity or debt financing or generate profitable operations. For the year ended September 30, 2012, the Company incurred a net loss of $567,082. As of September 30, 2012, the Company had an accumulated deficit of $17,196,353. Further, as of September 30, 2012 and 2011, the Company had negative working capital of $4,418,370 and $2,376,878, respectively, and had negative cash flows from operations of $310,913 and $691,810 for the years ended September 30, 2012 and 2011, respectively. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to raise additional funds through equity or debt financing and to generate cash from the sale of the Company' s products and from license fees as further described below.

The Company was in the development stage through June 30, 2009. In July 2009, the Company received the first 220 units of the Company' s cellular network extender, The Road Warrior, from its manufacturer. As of July 2009, the Company was fully operational and as such was no longer considered a development stage company. During the period that the Company was considered a development stage company, the Company incurred accumulated losses of approximately $10,948,625.

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Consolidated Balance Sheets (Parenthetical) (USD $)	Sep. 30, 2012	Sep. 30, 2011
Statement of Financial Position [Abstract]		
Debt discount on line of credit	$ 88,371	
Debt discount on convertible notes (in Dollars)	$ 18,868	$ 29,533
Preferred stock par value (in Dollars per share)	$ 0.001	$ 0.001
Preferred stock, shares authorized	100,000,000	100,000,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock Par value (in Dollars per share)	$ 0.001	$ 0.001
Common stock, Shares authorized	2,000,000,000	2,000,000,000
Common stock, Shares issued	1,457,498,081	195,991,082
Common stock, Outstanding	1,457,498,081	195,991,082

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Taxes	12 Months Ended Sep. 30, 2012

Income Tax Disclosure [Abstract]

Taxes

Note 10 - Taxes

The Company has provided no current income taxes due to the losses incurred from October 11, 2005 (date of inception), through September 30, 2012. Net operating losses of approximately $7,200,000 at September 30, 2012, are available for carryover. The net operating losses will expire from 2022 through 2026. The Company has provided a 100% valuation allowance for the deferred tax benefit resulting from
the net operating loss carryover due to our limited operating history. In addressing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. When we demonstrate a history of profitable operation, we will reduce our valuation allowance at that time.

A reconciliation of the statutory Federal income tax rate and the effective income tax rate for the years ended September 30, 2012 and 2011 follows:

	September 30, 2012	September 30, 2011
Statutory federal income tax rate	(34%)	(34%)
State income taxes (benefit), net of federal taxes	(6%)	(6%)
Equity instruments issued for compensation/services	16 %	16 %
Change in derivative liabilities	(5%)	(5%)
Non-cash financing costs	(3%)	(3%)
Valuation allowance	32%	32%
Effective income tax rate	-	-

The significant components of deferred tax assets and liabilities are as follows:

	September 30, 2012	September 30, 2011
Deferred tax assets:		
Net operating loss carryforwards	$ 2,931,884	$ 2,931,884
Valuation allowance	(2,931,884)	(2,931,884)
Net deferred tax assets	$ -	$ -

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Document and Entity Information (USD $)	12 Months Ended Sep. 30, 2012	Dec. 31, 2012	Mar. 31, 2012
Document And Entity Information			
Entity Registrant Name	CelLynx Group, Inc.		
Entity Central Index Key	0001067286		
Document Type	10-K		
Document Period End Date	Sep. 30, 2012		
Amendment Flag	false		
Current Fiscal Year End Date	--09-30		
Is Entity a Well-known Seasoned Issuer?	No		
Is Entity a Voluntary Filer?	No		
Is Entity's Reporting Status Current?	No		
Entity Filer Category	Smaller Reporting Company		
Entity Public Float			$ 690,165
Entity Common Stock, Shares Outstanding		1,457,498,001	
Document Fiscal Period Focus	FY		
Document Fiscal Year Focus	2012		

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Related Party Transactions	12 Months Ended Sep. 30, 2012
Related Party Transactions [Abstract]	
Related Party Transactions	**Note 11 - Related Party Transactions**

On June 20, 2012, the Board of Directors passed a resolution for the issuance of options to each of the Directors as follows;

Name	Number of Options	Exercise price	Date of expiry
Mr. Norm Collins	6,000,000	$0.0006	October 9, 2013
Mr. Dwayne Yaretz	3,500,000	$0.0006	June 20, 2017
Mr. Malcolm Burke	3,000,000	$0.0006	June 20, 2017

Subsequent to the acquisition of a 60% interest in Cellyx Group, Inc. by 5BARz International Inc., on April 13, 2012 5BARz converted $7,700 for 51,333,333 shares of Cellynx Group, Inc. common stock and on May 15, 2012 5BArz Interantional Inc. converted $58,500 for 390,000,000 shares of Cellynx Group, Inc. common stock. These conversions made by 5BArz International Inc. maintain the equity interst held in Cellynx Group, Inc on or around 60% as Cellynx experisnces dilution from sales of shares to third parties.

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Consolidated Statements of Operations (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Income Statement [Abstract]		
Net Revenue		
Cost of Revenue		
Gross profit		
Operating expenses		
Research and development	12,893	
General and administrative	611,092	1,595,975
Total operating expenses	623,985	1,595,975
Loss from operations	(623,985)	(1,595,975)
Non-operating income (expense):		
Interest and financing costs, net	(239,679)	(129,380)
Change in fair value of accrued beneficial conversion liability	(1,190,295)	647
Change in fair value of accrued warrant and options liability	(2,402)	167,696
Gain on settlement of debt	3,766	
Gain on sale of intangible assets	1,485,513	239,303
Total non-operating income (expense), net	56,903	278,266
Net loss	$ (567,082)	$ (1,317,709)
Weighted average shares outstanding		
Basic	710,515,971	185,193,816
Diluted	710,515,971	185,193,816
Loss per share :		
Basic	$ (0.0008)	$ (0.01)
Diluted	$ (0.0008)	$ (0.01)

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License Agreement	12 Months Ended Sep. 30, 2012
Notes to Financial Statements	
License Agreement	**Note 5 - License Agreement** On January 12, 2009, the Company entered into a Licensing Agreement with an unrelated party. The Licensing Agreement gives the Company the right to manufacture, have manufactured, use, import, and offer to sell, lease, distribute or otherwise exploit certain technology rights and intellectual rights. The License Agreement has a term of ten years. As consideration for the License Agreement, the Company issued 57,143 shares of its common stock and paid $1,000 in cash. The Company determined the fair value of the License Agreement to be $7,429 based on the market value of its common stock on the date of the agreement plus the $1,000, for a total acquisition cost of $8,429, which is included in the accompanying consolidated balance sheet. The Company recorded amortization expense related to the licensing agreement of $632 and $632 for the years ended September 30, 2012 and 2011, respectively.

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Convertible Promissary Note

12 Months Ended Sep. 30, 2012

Notes to Financial Statements

Convertible Promissary Note

Convertible Promissory Note Issued August 15, 2006

On August 15, 2006, the Company issued a secured promissory note (the "August 2006 Note") for $250,000 to an unrelated entity (the "Holder"). On November 10, 2007, the August 2006 Note was amended (the "Amended Note"). At the date of the amendment, the Company was obligated to pay to the Holder $262,356 which represented the principal and accrued interest, and the Holder was entitled to purchase shares of the Company' s securities pursuant to a Warrant to Purchase Common Stock dated August 15, 2006 ("August 2006 Warrant"). In contemplation of the completion of the reverse merger, the Company and the Holder reached an agreement whereby this Amended Note superseded the August 2006 Note and canceled the August 2006 Warrant. The principal amount of the Amended Note is $262,356, is unsecured and is convertible into 6,340,029 shares of common stock of the Company and bears interest at 4% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with the accrued but unpaid interest was due and payable upon the earlier of (i) November 9, 2010, at the written request of the Holder to the Company, or (ii) the occurrence of an event of default. At the date of amendment, the Company determined that the Amended Note had a beneficial conversion feature with a fair value of $767,047. The Company recorded a debt discount of $262,356 and expensed as financing costs the $504,691 of the beneficial conversion feature that exceeded the principal balance. The Company did not pay the note per the terms of the agreement and as of September 30, 2011, the total unpaid principal balance and accrued interest is $262,356 and $51,321, respectively.

Asher Convertible Promissory Note Issued July 22, 2010

On July 22, 2010, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher Note").

Pursuant to the Asher Note, Asher loaned to the Company the principal amount of $55,000. The Asher Note bears interest at a rate of 8%, and was due on April 21, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion.

Asher converted the $55,000 note for 3,763,967 shares of the Company' s common stock, and settled the note in full on March 10, 2011.

Asher Convertible Promissory Note Issued February 22, 2011

On February 22, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher February 2011 Note").

Pursuant to the Asher February 2011 Note, Asher loaned to the Company the principal amount of $40,000. The Asher February 2011 Note bears interest at a rate of 8%, and is due on November 17, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher February 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company' s common stock held by Asher, would result in Asher holding more than 4.99% of the Company' s then-outstanding common stock. No registration

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rights were granted in connection with the purchase of the Asher Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher February 2011 Note, while there remains any unpaid amounts owing on the Asher February 2011 Note, the Company may not incur additional debt without Asher' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher Note.

The Company has the right to pre-pay the Asher February 2011 Note during the first 120 days following the date of the Asher February 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher February 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $23,492 debt discount on the note.

Asher converted the $40,000 note for 25,326,008 shares of the Company' s common stock, completing on November 17, 2011.

Asher Convertible Promissory Note Issued March 10, 2011

On March 10, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher March 2011 Note").

Pursuant to the Asher March 2011 Note, Asher loaned to the Company the principal amount of $42,500. The Asher March 2011 Note bears interest at a rate of 8%, and is due on December 7, 2011. Asher may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher March 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company' s common stock held by Asher, would result in Asher holding more than 4.99% of the Company' s then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher March 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher March 2011 Note, while there remains any unpaid amounts owing on the Asher March 2011 Note, the Company may not incur additional debt without Asher' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher March 2011 Note.

The Company has the right to pre-pay the Asher March 2011 Note during the first 120 days following the date of the Asher March 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher March 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $24,960 debt discount related to the note.

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The note was paid by the conversion into 225,942,808 common shares over various days completing April 12, 2012

Asher Convertible Promissory Note Issued May 18, 2011

On May 18, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), in connection with the purchase by Asher of a Convertible Promissory Note (the "Asher May 2011 Note").

Pursuant to the Asher May 2011 Note, Asher loaned to the Company the principal amount of $32,500. The Asher May 2011 Note bears interest at a rate of 8%, and is due on February 23, 2012. Asher may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Asher is prohibited under the Asher May 2011 Note from converting amounts if principal and interest that would result in Asher receiving shares, which when combined with shares of the Company' s common stock held by Asher, would result in Asher holding more than 4.99% of the Company' s then-outstanding common stock. No registration rights were granted in connection with the purchase of the Asher May 2011 Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Asher May 2011 Note, while there remains any unpaid amounts owing on the Asher May 2011 Note, the Company may not incur additional debt without Asher' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Asher; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Asher May 2011 Note.

The Company has the right to pre-pay the Asher May 2011 Note during the first 120 days following the date of the Asher May 2011 Note by paying to Asher 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Asher May 2011 Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $19,087 debt discount related to the note.

The note was paid in full by conversion into 180,000,000 shares, over various days completing May 4, 2012.

Yaretz Convertible Promissory Note Issued April 5, 2011 – Related Party

On April 5, 2011, the Company entered into a Securities Purchase Agreement (the "SPA") with one of its directors, Dwayne Yaretz ("Yaretz"), in connection with the purchase by Yaretz of a Convertible Promissory Note (the "Yaretz Note").

Pursuant to the Yaretz Note, Yaretz loaned to the Company the principal amount of $50,000. The Yaretz Note bears interest at a rate of 8%, and is due on January 5, 2012. Yaretz may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined by dividing the amount to be converted by the conversion price which is equal to 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Yaretz is prohibited under the Yaretz Note from converting amounts if principal and interest that would result in Yaretz receiving shares, which when combined with shares of the Company' s common stock held by Yaretz, would result in Yaretz holding more than 4.99% of the Company' s then-outstanding common stock. No registration rights were granted in connection with the purchase of

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the Yaretz Note, and the shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Yaretz Note, while there remains any unpaid amounts owing on the Yaretz Note, the Company may not incur additional debt without Yaretz' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Yaretz; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Yaretz Note.

The Company has the right to pre-pay the Yaretz Note during the first 120 days following the date of the Yaretz Note by paying to Yaretz 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Yaretz Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance. The Company recorded a $29,365 debt discount related to the beneficial conversion feature.

Financing Arrangements

During the fiscal year ended September 30, 2012 the Company entered into a number of financings, pursuant to certain convertible promissory note arrangements. Those arrangements are as follows;

Date	**Holder**	**Amount**	**Terms**
January 5, 2012	Pickard & Green, CPA' s	$50,000	Footnote (1)
January 10, 2012	Asher Enterprises Inc.	$15,000	Footnote (2)
May 24, 2012	Asher Enterprises Inc.	$37,500	Footnote (3)
September 4, 2012	Asher Enterprises Inc.	$12,500	Footnote (4)

(1) Pursuant to the Note agreement dated January 5, 2012, the Company received the principal amount of $50,000, by way of settlement of certain debts owed by the Company to Holder. The Note bears interest at a rate of 8%, and is due on July 3, 2012. Holder may convert principal and unpaid interest on the note into shares of the Company' s common stock, with the number of shares issuable determined to be the amount obtained by dividing the amount to be converted by the conversion price which is the lesser of $0.0013 per share or 63% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. Holder is prohibited under the Note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock. No registration rights were granted in connection with the purchase of the Note, and the

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shares of common stock, if any, issued upon conversion, will be restricted securities as defined pursuant to the terms of Rule 144.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed Holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then-outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

The Company determined that the Note contained a beneficial conversion feature because the conversion rate was less than the share price at the date of issuance.

(2) On January 10, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $15,000. The January 2012 note bears interest at a rate of 8%, and is due on October 10, 2012. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable determined to be the lesser of a fixed rate of $0.00015 per share or a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 25% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing. On July 9, 2012, subsequent to the balance sheet date, the Company paid $31,582 in full settlement of the note principle, accrued interest and prepayment penalty.

In conjunction with the issuance of the January 10, 2012 Convertible Note, the Company and the Holder entered into a January 6, 2012 amending agreement to the discount terms of two previous convertible notes between the parties as follows;

- Convertible Note dated May 18, 2011 in the principle amount of $32,500 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined

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above (a 31% discount to market) to a conversion calculated to be the lesser of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.

- Convertible Note dated March 3, 2011 in the principle amount of $42,500 and with a remaining unpaid balance of $30,000 was amended such that the conversion price was adjusted from a conversion price of 69% to market, as defined above (a 31% discount to market) to a conversion calculated to be the lesser of (i) A variable conversion price equal to 25% of market (a 75% discount to market) or (ii) A fixed conversion price defined to be $0.00015 per share.

(3) On May 24, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $37,500. The May 2012 note bears interest at a rate of 8%, and is due on February 7, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then- outstanding common stock.

Pursuant to the terms of the Note, while there remains any unpaid amounts owing on the Note, the Company may not incur additional debt without Holder' s approval except for (i) debt that was owed or committed as of the date of the SPA and of which the Company had informed holder; (ii) indebtedness to trade creditors or financial institutions in the ordinary course of business; (c) debt which in the aggregate does not exceed $250,000; or (d) debt the proceeds of which are used to repay the Note.

The Company has the right to pre-pay the Note during the first 180 days following the date of the Note by paying to Holder 150% of the then- outstanding principal amount and any accrued and unpaid interest, penalties, or other amounts owing.

On September 4, 2012, the Company entered into a Securities Purchase Agreement (the "SPA") with an unrelated holder, in connection with the purchase by Holder of a Convertible Promissory Note in the principle amount of $12,500. The September 2012 note bears interest at a rate of 8%, and is due on June 4, 2013. Pursuant to the terms of the note, the principle and accrued interest may be converted into shares of the Company' s common stock, with the number of shares issuable calculated at a variable rate calculated by dividing the amount to be converted by the conversion price which is equal to 51% of the average of the three lowest trading prices of the Company' s common stock over the ten trading days prior to the date of the conversion. The Holder is prohibited under the note from converting amounts if principal and interest that would result in Holder receiving shares, which when combined with shares of the Company' s common stock held at the time, would result in Holder owning more than 4.99% of the Company' s then-outstanding common stock.

In the above transactions, the Notes were issued to accredited investors pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. Additionally, the underlying shares of common stock, if any, issued upon conversion of the Note will be issued pursuant

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to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and rules promulgated pursuant thereto. All certificates for such shares will contain the appropriate legends restricting their transferability absent registration or applicable exemption. The accredited investor received information concerning the Company and had the ability to ask questions about the Company.

The Company recorded interest expense relating to the convertible promissory notes of $35,063 and $25,049 for the years ended September 30, 2012 and 2011, respectively.

The Company amortized $114,897 and $101,730 of the debt discount for the years ended September 30, 2012 and 2011, respectively.

The following table summarizes the convertible promissory notes at September 30, 2012 and September 30, 2011:

	September 30, 2012	September 30, 2011
Issued August 2006, amended November 2007	$ 262,356	$ 262,356
Issued through September 30, 2011	220,000	220,000
Issued during fiscal year 2012	115,000	
Less principle amounts converted	(170,000)	(73,000)
Less principle amount paid off	(15,000)	
Less: Debt discount	(21,868)	(29,533)
Convertible promissory notes, net	$ 390,488	$ 379,823

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Intangible Assets (Tables)

12 Months Ended Sep. 30, 2012

Notes to Financial Statements

Intangible Assets

	September 30, 2012	September 30, 2011
Patents	$ 46,862	$ 49,586
Trademarks	4,995	6,243
Licensing rights	4,214	4,214
	56,071	60,043
Accumulated Amortization	(7,334)	(6,076)
Intangibles, net	$ 48,737	$ 53,967

The following table summarizes the amortization for the above intangible assets over the next 3 years and thereafter:

Years ended September 30,	Amount
2013	$ 2,092
2014	2,092
2015	2,092
	$ 6,276

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Subsequent Events	12 Months Ended Sep. 30, 2012

Notes to Financial Statements
Subsequent Events

Note 12 – Subsequent Events

The Company has evaluated all subsequent events that occurred up to the time of the Company's issuance of its financial statements.

Departure of Director

Mr. Norm Collins, Sr., who has served as a Director on the CelLynx Group, Inc., Board of Directors, since July 2008, and as the Chairman of the Board, since July 2010, has recently passed away. As a result, the Company held a Board of Directors meeting on October 13, 2012 to formally end Mr. Collins term of service with the Company. At that date, in addition to his Directorship, Mr. Collins acted as the interim Chief Executive Officer for the Company as well as the Chief Financial Officer. Further, Mr. Collins served on a committee of the Board of Directors, to search for a new CEO for the Company. On October 17, 2012, the Company issued a press release announcing the fact that Mr. Norm Collins, Sr. had passed away, and the loss of Mr. Collins as a valued director and officer of CelLynx Group, Inc.

Appointment of Certain Officers

On October 13, 2012 the Board of Directors of CelLynx Group, Inc. appointed Mr. Dwayne Yaretz as the Chief Executive Officer as well as the Chief Financial Officer for the Company. Mr. Yaretz has been a Director of CelLynx Group, Inc. since December 19, 2009. Mr. Yaretz has also been a member of a Committee set up July 15, 2010, to search for a Chief Executive Officer for the Company.

The compensation arrangements for Mr. Yaretz are comprised of a monthly fee of $10,000 per month, with such compensation to be deferred until such time as the Company has adequate working capital to pay the fees accrued to Mr. Yaretz.

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Stockholders' Equity

12 Months Ended Sep. 30, 2012

Notes to Financial Statements

Stockholders' Equity

Note 8 – Stockholders' Equity

During fiscal year ended September 30, 2012 the following issuance of common stock, par value $0.001 per share was issued upon conversion of convertible promissory notes by Asher Enterprises, Inc.

Date	Number of shares issued	Principle/Interest Converted	Conversion rate
January 20, 2012	11,333,333	$1,700	$0.00015
February 21, 2012	12,000,000	$1,800	$0.00015
March 2, 2012	12,000,000	$1,800	$0.00015
March 9, 2012	12,000,000	$1,800	$0.00015
March 14, 2012	12,000,000	$1,800	$0.00015
March 16, 2012	12,000,000	$1,800	$0.00015
March 21, 2012	12,000,000	$1,800	$0.00015
March 27, 2012	12,000,000	$1,800	$0.00015
March 28, 2012	12,000,000	$1,800	$0.00015
March 29, 2012	15,333,333	$2,300	$0.00015
April 2, 2012	15,333,333	$2,300	$0.00015
April 4, 2012	18,000,000	$2,700	$0.00015
April 5, 2012	18,000,000	$2,700	$0.00015
April 10, 2012	18,000,000	$2,700	$0.00015
April 12, 2012	19,333,333	$2,900	$0.00015
April 16, 2012	23,333,333	$3,500	$0.00015
April 18, 2012	23,333,333	$3,500	$0.00015
April 21, 2012	23,333,333	$3,500	$0.00015
April 23, 2012	23,333,333	$3,500	$0.00015
April 26, 2012	23,333,333	$3,500	$0.00015
May 1, 2012	22,666,667	$3,400	$0.00015
May 3, 2012	23,333,333	$3,500	$0.00015
May 4, 2012	17,333,333	$2,600	$0.00015
May 8, 2012	30,000,000	$4,500	$0.00015
May 22, 2012	15,333,334	$2,300	$0.00015

In each issuance above, the shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Stock Options

At September 30, 2012 Cellynx Group Inc. has the following Options and Warrants outstanding;

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The number and weighted average exercise prices of all options exercisable as of September 30, 2012, are as follows:

Options Exercisable				
Range of Exercise Price		Number Outstanding as of September 30, 2012	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
$	0.0006	12,500,000	0.0006	4.72
$	0.001	2,500,000	0.001	2.44
$	0.10 - 0.25	21,554,757	0.17	0.20
$	0.26 - 4.00	2,000,000	2.00	.17
		38,554,757		

Warrants

The following table summarizes the warrant activity:

	Number of Warrants	Weighted Average Exercise Price	Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2011	42,514,757	$ 0.12		
Granted	–	–		
Exercised	–	–		
Expired	10,060,000	–		
Outstanding at September 30, 2012	32,454,757	$ 0.27	.88	$ 0
Exercisable at September 30, 2012	32,454,457	$ 0.27	.88	$ 0

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Consulting Agreement	12 Months Ended Sep. 30, 2012

Notes to Financial Statements
Consulting Agreement

Note 6 - Consulting Agreement

On January 15, 2010, the Company entered into a consulting agreement with Seahawk Capital Partners, Inc. The Company issued 1,000,000 shares of Company restricted stock and 2,000,000 warrants upon signing of agreement. In addition, the Company agreed to issue an additional 50,000 shares of restricted Company stock.

The exercise prices of the warrants are as follows and expire December 1, 2012:

Number of Warrants Issued	Exercise Price
285,714	$0.10 per share
285,714	$0.75 per share
285,714	$01.5 per share
285,714	$2.00 per share
285,714	$3.00 per share
285,714	$3.50 per share
285,716	$4.00 per share
2,000,000	

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5BARz Agreement	12 Months Ended Sep. 30, 2012

Notes to Financial Statements

5BARz Agreement

Note 7 - 5BARz Agreement

On March 29, 2012, the Company and 5BARz International, Inc. entered into a definitive set of agreements which super cede all previous agreements and amendments thereto. As a result of those agreements, the following arrangements between the Companies was established;

(i) 5BARz International, Inc. acquired a 60% interest in the patents and trademarks held by CelLynx Group Inc., referred to as the "5BARz™" technology. That interest in the technology was acquired for proceeds comprised of 9,000,000 shares of the common stock of the Company, valued at the date of acquisition at $0.20 per share or $1,800,000 USD. The acquisition agreement also clarified that the ownership interest in the "5BARz™" technology does represent that proportionate interest in income earned from the intellectual property. This acquisition of intellectual property represents an amendment to an original acquisition of a 50% interest in the Cellynx intellectual property for debt of $1,500,000 established on October 5, 2010.

(ii) 5BARz International, Inc. agreed to make available to CelLynx Group, Inc. a revolving line of credit facility in the amount of $2.2 million dollars of which $668,844 is the net amount advanced as of September 30, 2012. In addition, advances in the amount of an additional $139,700 had been made under the terms of the revolving line of credit, and was repaid by conversion of such amount into shares. As a result aggregate advances under the line of credit have been $808,544. This revolving line of credit facility expires on October 5, 2013. Under the terms of the line of credit facility, the Company has the right to convert amounts due under the facility into common stock of CelLynx, at a conversion rate which is the lesser of a fixed conversion rate of $0.00015 per share or a variable rate which is calculated at 25% of the average lowest three closing bid prices of the CelLynx Group, Inc. common stock for a period which is ten (10) days prior to the date of conversion. At March 31, 2012, the Company converted an initial $78,500 of the amount due under the revolving line of credit facility for 350,000,000 shares of the capital stock of CelLynx Group, Inc. As a result, CelLynx became a consolidated subsidiary of 5Barz International Inc., on March 29, 2012,with a 60% interest in the Company. Subsequent conversions aggregating $61,200 have been made to maintain the 5BARz International Inc. ownership interest at 60%.

(iii) Pursuant to the Master Global Marketing and Distribution agreement between 5Barz International Inc. and CelLynx Group, Inc., 5BARz International, Inc. was obligated to pay to CelLynx Group, Inc. a royalty fee amounting to 50% of the Company' s Net Earnings. That fee would be paid on a quarterly basis, payable in cash or immediately available funds and shall be due and payable not later than 45 days following the end of each calendar quarter of the year. The asset acquisition agreement amendment referred to herein specified that the royalties would be paid in relation to the ownership of the intellectual property.

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Commitments and Contingencies

Notes to Financial Statements

Commitments and Contingencies

12 Months Ended
Sep. 30, 2012

Note 9 - Commitments and Contingencies

Operating Leases

The Company has terminated all operating leases. See litigation.

Litigation

As earlier reported in the Company' s Form 10K and 10Q, the Company was a Defendant in an action brought by Dophinshire L.P. regarding its office space in Mission Viejo, CA. That action has since been dismissed. Dolphinshire L.P., a California limited partnership v. CelLynx Group, Inc., a Nevada corporation and Does 1-10, Superior Court of California, Orange County, Case No. 00521213. On November 8, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 25910 Acero, Suite 370, Mission Viejo, CA 92691 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties and has moved the general office to 4014 Calle Isabella, San Clemente, CA 92672.

A similar action for past due rent has been filed as to its facility in El Dorado Hills, CA. CSS Properties, v. CelLynx Group, Inc., and Does 1-10, Superior Court of California, El Dorado County, Case No. PCU 2 0 110442. On October 12, 2011, plaintiff brought suit against the Company for unlawful detainer of offices located at 5047 Robert J Matthews Parkway, El Dorado Hills, CA 95762 pursuant to a lease agreement, seeking an unspecified amount of damages not to exceed $25,000. The Company has engaged in settlement negotiations with the plaintiff and management expected to settle before eviction. The Company has since, by agreement, vacated the leased premises and continues to negotiate a payout of past due rent and penalties.

As had been previously reported in the Company' s Form 10K and 10Q, the Company was facing claims for back wages by some of its former employees. Some of those claims have been partially paid and others were expected to be paid in the normal course of business or were to be otherwise defended. Those claims have now been incorporated into California Labor Commission awards in favor of those former employees. Those awards total approximately $312,986.45 depending on interest charges. The first award has been converted into a judgment in the amount of $118,224. Management had negotiated a monthly payment plan amounting to $10,000 per month commencing on February 1, 2012 and every month thereafter until the judgment has been satisfied. This agreement is now in the process of revision.

The Company has received a Cease Trading Order from the British Columbia Securities Commission (BCSC) alleging that the Company is in violation of the British Colombia reporting requirements. The BCSC has assumed that since two the Company's Directors are domiciled in BC that the company is controlled out of BC and therefore subject to its reporting requirements. The Company denies that premise and is appealing the issuance of the CTO.

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Equipment Depreciation (Details) (USD $) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Equipment Depreciation Details Usd		
Depreciation Expense	$ 2,588	$ 3,187

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Related Party Transactions (Details) (USD $)	12 Months Ended Sep. 30, 2012
Mr. Norm Collins	
Number of Options	6,000,000
Exercise price	$ 0.0006
Date of expiry	Oct. 09, 2013
Mr. Dwayne Yaretz	
Number of Options	3,500,000
Exercise price	$ 0.0006
Date of expiry	Jun. 20, 2017
Mr. Malcolm Burke	
Number of Options	3,000,000
Exercise price	$ 0.0006
Date of expiry	Jun. 20, 2017

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Summary of Accounting Policies (Tables)	12 Months Ended Sep. 30, 2012

Summary Of Accounting Policies Tables

Fair Value of Financial instruments Black-Scholes option pricing models

	September 30, 2012
Annual dividend yield	-
Expected life (years)	0.25 - 4.75
Risk-free interest rate	0.01% -0.81%
Expected volatility	183%

Fair Value of Financial instruments Assets and Liabilities

	Fair Value As of September 30, 2012	Fair Value Measurements at September 30, 2011 Using Fair Value Hierarchy		
Liabilities		Level 1	Level 2	Level 3
Warrant liability	$ 8,364	-	$ 8,364	-
Conversion option liability	1,479,204	-	1,479,204	-
Total accrued derivative liabilities	$1,487,568	-	$1,487,568	-

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Stock Options (Tables)

12 Months Ended Sep. 30, 2012

Stock Options Tables

Conversion of convertible promissory notes

Date	Number of shares issued	Principle/Interest Converted	Conversion rate
January 20, 2012	11,333,333	$1,700	$0.00015
February 21, 2012	12,000,000	$1,800	$0.00015
March 2, 2012	12,000,000	$1,800	$0.00015
March 9, 2012	12,000,000	$1,800	$0.00015
March 14, 2012	12,000,000	$1,800	$0.00015
March 16, 2012	12,000,000	$1,800	$0.00015
March 21, 2012	12,000,000	$1,800	$0.00015
March 27, 2012	12,000,000	$1,800	$0.00015
March 28, 2012	12,000,000	$1,800	$0.00015
March 29, 2012	15,333,333	$2,300	$0.00015
April 2, 2012	15,333,333	$2,300	$0.00015
April 4, 2012	18,000,000	$2,700	$0.00015
April 5, 2012	18,000,000	$2,700	$0.00015
April 10, 2012	18,000,000	$2,700	$0.00015
April 12, 2012	19,333,333	$2,900	$0.00015
April 16, 2012	23,333,333	$3,500	$0.00015
April 18, 2012	23,333,333	$3,500	$0.00015
April 21, 2012	23,333,333	$3,500	$0.00015
April 23, 2012	23,333,333	$3,500	$0.00015
April 26, 2012	23,333,333	$3,500	$0.00015
May 1, 2012	22,666,667	$3,400	$0.00015
May 3, 2012	23,333,333	$3,500	$0.00015
May 4, 2012	17,333,333	$2,600	$0.00015
May 8, 2012	30,000,000	$4,500	$0.00015
May 22, 2012	15,333,334	$2,300	$0.00015

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Weighted Average Exercise Price of all Options Outstanding

Range of Exercise Price	Number Outstanding as of September 30, 2012	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Options Exercisable			
$ $.0006	12,500,000	.0006	4.72
$ 0.001	2,500,000	0.001	2.44
$ 0.10 - 0.25	21,554,757	0.17	0.20
$ 0.26-4.00	2,000,000	2.00	0.17
	38,554,757		

Warrant Activity

	Number of Warrants	Weighted Average Exercise Price	Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding, December 31, 2011	42,514,757	0.12		
Granted	-	-		
Exercised	-	-		
Expired	10,060,000	-		
Outstanding, September 30, 2012	32,454,757	$ 0.27	.88	$ -
Exercisable, September 30, 2012	32,454,457	$ 0.27	.88	$ 0

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Taxes - Reconciliation of the statutory Federal income tax rate and the effective income tax rate (Details)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Effective Income Tax Rate, Continuing Operations, Tax Rate Reconciliation [Abstract]		
Statutory federal income tax rate	(34.00%)	(34.00%)
State income taxes (benefit), net of federal taxes	(6.00%)	(6.00%)
Equity instruments issued for compensation/services	16.00%	16.00%
Change in derivative liabilities	(5.00%)	(5.00%)
Non-cash financing costs	(3.00%)	(3.00%)
Valuation allowance	32.00%	32.00%
Effective income tax rate		

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Summary Convertible Promissory Notes (Details) (USD $) (USD $)	12 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Convertible promissory notes	$ 390,488	$ 379,823
Less principle amounts converted	(170,000)	(73,000)
Less principle amounts paid off	(15,000)	
Less: Debt Discount	(21,868)	(29,533)
Issued August 2006, amended November 2007		
Convertible promissory notes	262,356	262,356
Issued September 30 ,2011		
Convertible promissory notes	220,000	220,000
Fiscal year 2012		
Convertible promissory notes	$ 115,000	

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Consolidated Statements of Stockholders Equity (USD $)	Seires A Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at Sep. 30, 2008	$ 45,516	$ 80,553	$ 2,335,949	$ (7,695,448)	$ (5,233,430)
Balance, shares at Sep. 30, 2008	45,516,034	80,552,812			
Conversion of preferred stock to common stock upon the increase of authorized shares	(45,516)	45,516			
Conversion of preferred stock to common stock upon the increase of authorized shares(in Shares)	(45,516,034)	45,516,034			
Reclassification of share based compensation liability to equity			2,701,572		2,701,572
Fair value of share based compensation for employees and consultants			690,353		690,353
Issuance of common stock for the purchase of licensing rights		57	7,372		7,429
Issuance of common stock for the purchase of licensing rights(in Shares)		57,143			
Issuance of common stock for promissory notes		38	4,208		4,246
Issuance of common stock for promissory notes(in Shares)		37,500			
Issuance of warrants for consulting services			118,382		118,382
Issuance of common stock for accounting services		400	71,600		72,000
Issuance of common stock for accounting services (in Shares)		400,000			
Issuance of common stock for consulting services		3,971	722,628		726,599
Issuance of common stock for consulting services (in Shares)		3,970,908			
Issuance of common stock for cash		6,844	706,156		713,000
Issuance of common stock for cash (in Shares)		6,845,000			
Reclassification of beneficial conversion liability to equity			2,120,181		2,120,181
Reclassification of warrant liability to equity			1,023,564		1,023,564
Net loss				(3,978,762)	(3,978,762)
Balance at Sep. 30, 2009		137,379	10,501,965	(11,674,210)	(1,034,866)
Balance, shares at Sep. 30, 2009		137,379,397			
Conversion of convertible note payable to common stock		6,291	134,532		140,823
Conversion of convertible note payable to common stock (in Shares)		6,290,792			

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Stock based compensation for employees and consultants		1,060,170		1,060,170
Issuance of warrants for consulting services		327,087		327,087
Issuance of common stock for consulting services	4,445	696,671		701,116
Issuance of common stock for consulting services (in Shares)	4,445,486			
Issuance of common stock for cash	23,637	1,487,064		1,510,701
Issuance of common stock for cash (in Shares)	23,636,897			
Reclassification of beneficial conversion liability to equity		(59,964)		(59,964)
Reclassification of warrant liability to equity		(635,537)		(635,537)
Net loss			(3,637,353)	(3,637,353)
Balance at Sep. 30, 2010	171,752	13,511,988	(15,311,563)	(1,627,823)
Balance, shares at Sep. 30, 2010	171,752,572			
Conversion of convertible note payable to common stock	10,193	94,985		105,178
Conversion of convertible note payable to common stock (in Shares)	10,192,539			
Cancellation of options and issuance of shares	14,046	227,902		241,948
Cancellation of options and issuance of shares (in Shares)	14,045,971			
Fair value of share based compensation for employees and consultants		278,395		278,395
Net loss			(1,317,709)	(1,317,709)
Balance at Sep. 30, 2011	195,991	14,133,270	(16,629,272)	(2,320,011)
Balance, shares at Sep. 30, 2011	195,991,082			
Conversion of convertible note payable to common stock	1,261,507	(942,689)		318,818
Net loss			(567,082)	(567,082)
Balance at Sep. 30, 2012	$ 1,457,498	$ 13,170,581	$ (17,196,354)	$ (4,368,275)
Balance, shares at Sep. 30, 2012	195,991,082			

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Intangible Assets	12 Months Ended Sep. 30, 2012

[Notes to Financial Statements]
[Intangible Assets]

Note 4 - Intangible Assets

The Company incurred legal costs in acquiring patent and trademark rights. These costs are projected to generate future positive cash flows in the near term and have been capitalized to intangible assets in the period incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively.

Intangible assets consist of the following:

	September 30, 2012	September 30, 2011
Patents	$ 46,862	$ 49,586
Trademarks	4,995	6,243
Licensing rights	4,214	4,214
	56,071	60,043
Accumulated Amortization	(7,334)	(6,076)
Intangibles, net	$ 48,737	$ 53,967

The Company recorded amortization expense related to the intangible assets of $1,258 and $1,554 for the years ended September 30, 2012 and 2011, respectively.

The following table summarizes the amortization for the above intangible assets over the next 3 years and thereafter:

Years ended September 30,	Amount
2013	$ 2,092
2014	2,092
2015	2,092
	$ 6,276

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Taxes (Tables)

12 Months Ended Sep. 30, 2012

Income Tax Disclosure [Abstract]

Reconciliation of the statutory Federal income tax rate and the effective income tax rate

	September 30, 2012	September 30, 2011
Statutory federal income tax rate	(34%)	(34%)
State income taxes (benefit), net of federal taxes	(6%)	(6%)
Equity instruments issued for compensation/services	16%	16%
Change in derivative liabilities	(5%)	(5%)
Non-cash financing costs	(3%)	(3%)
Valuation allowance	32%	32%
Effective income tax rate	–	–

Components of deferred tax assets and liabilities

	September 30, 2012	September 30, 2011
Deferred tax assets:		
Net operating loss carryforwards	$ 2,931,884	$ 2,931,884
Valuation allowance	(2,931,884)	(2,931,884)
Net deferred tax assets	$ -	$ -

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Convertible Promissory Notes (Details) (USD $)	0 Months Ended					1 Months Ended	0 Months Ended		1 Months Ended		0 Months Ended	
	Sep. 04, 2012	Aug. 14, 2012	May 24, 2012	Jan. 10, 2012	Jan. 05, 2012	May 18, 2011	Apr. 05, 2011	Mar. 10, 2011	Feb. 22, 2011	Jul. 22, 2010	Nov. 10, 2007	Aug. 15, 2006
Convertible Notes Payable [Abstract]												
Issue Date	Sep. 04, 2012	Aug. 14, 2012	May 24, 2012	Jan. 10, 2012	Jan. 05, 2012	May 18, 2011	Apr. 05, 2011	Mar. 10, 2011	Feb. 22, 2011	Jul. 22, 2010	Nov. 10, 2007	Aug. 15, 2006
Principal Amount	$ 12,500	$ 12,500	$ 37,500	$ 15,000	$ 50,000	$ 32,500	$ 50,000	$ 42,500	$ 40,000	$ 55,000	$ 262,356	$ 250,000
Date of Maturity		Sep. 21, 2012	Feb. 07, 2013	Oct. 10, 2012	Jul. 03, 2012	Feb. 23, 2012	Jan. 05, 2012	Dec. 07, 2011	Nov. 17, 2011	Apr. 21, 2011		
Interest Rate per annum	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	
Benefical Conversion Feature											767,047	
Debt Discount on Beneficial Conversion Factor						19,087	29,356	24,960	23,492		262,356	
Financing costs											504,691	
Principle due		12,500		15,000							262,356	
Accrued interest											51,321	
Date Paid off				Jul. 09, 2012								
Note paid off				$ 31,582								
Convertible to common shares						180,000,000		225,942,808	25,326,008	3,763,967	6,340,209	

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Summary of Significant Accounting Policies (Policies)	12 Months Ended Sep. 30, 2012
Notes to Financial Statements	
Basis of Presentation	**Basis of Presentation** The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of CelLynx Group, Inc., and its 100% wholly owned subsidiary, CelLynx, Inc. All intercompany accounts and transactions have been eliminated in consolidation.
Cash	**Cash** Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.
Inventory	**Inventory** Inventory consists of finished goods ready for sale and is valued at the lower of cost (determined on a first-in, first-out basis) or market. The Company reviews its reserves for slow moving and obsolete inventories. As of September 30, 2011, the Company wrote off its entire inventory balance.
Accounts Receivable	**Accounts Receivable** The Company maintains reserves for potential credit losses for accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded based on the Company' s historical collection history. Receivables are written off when they are determined to be uncollectible. As of September 30, 2010, the Company determined that allowance for bad debt was not necessary.
Other Receivables	**Other Receivable** Other receivables were amounts due from the sale of 50% of the Company' s intangible assets.
Use of Estimates	**Use of Estimates** The preparation 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 disclosures 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.
Concentration of Credit Risk	**Concentration of Credit Risk** Cash includes deposits in accounts maintained at financial institutions. Certain financial instruments, which subject the Company to concentration of credit risk, consist of cash. The Company maintains balances at financial institutions which, from time to time, may exceed Federal Deposit Insurance Corporation insured limits for the banks located in the United States. As of September 30, 2012 and 2011, the Company did not have any deposits in excess of federally-insured limits. To date, the Company has not experienced any losses in such accounts.
Equipment	**Equipment** Equipment is recorded at historical cost and is depreciated using the straight-line method over their estimated useful lives. The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are consistent with the anticipated pattern of future economic benefits. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains and losses on disposals are included in the results of operations. The useful life of the equipment is being depreciated over three years.
Intangible Assets	**Intangible Assets**

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Acquired patents, licensing rights and trademarks are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees, and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized costs for patents are amortized on a straight-line basis over the remaining twenty-year legal life of each patent after the costs have been incurred. Once each patent or trademark is issued, capitalized costs are amortized on a straight-line basis over a period not to exceed 20 years and 10 years, respectively. The licensing right is amortized on a straight-line basis over a period of 10 years.

Impairment of disposal of long-lived assets

Impairment or Disposal of Long-lived Assets

The Company applies the provisions of Accounting Standards Codification ("ASC") Topic 360, "Property, Plant, and Equipment," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review, the Company believes that as of September 30, 2012, and September 30, 2011, there was no significant impairment of its long-lived assets.

Revenue Recognition

Revenue Recognition

The Company's revenue recognition policies are in compliance with ASC Topic 605, "Revenue Recognition." Revenue is recognized at the date of shipment to customers, and when the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured.

The gain on the sales of intangible assets is fully recognized as payment in full has been made by the delivery of 9,000,000 shares of common stock in 5BARz International Inc.

Fair Value of Financial Instruments

Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables, certain other current assets and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The Company' s warrant liability is carried at fair value totaling $8,364 and $6,160, as of September 30, 2012 and 2011, respectively. The Company' s conversion option liability is carried at fair value totaling $1,479,204 and $96,126 as of September 30, 2012 and 2011, respectively. The Company used Level 2 inputs for its valuation methodology for the warrant liability and conversion option liability as their fair values were determined by using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2012
Annual dividend yield	-
Expected life (years)	0.25 - 4.75
Risk-free interest rate	0.01% -0.81%
Expected volatility	183%

Expected volatility is based primarily on historical volatility. Historical volatility was computed using daily pricing observations for recent periods that correspond to the term of the warrants and conversion options. We believe this method produces an estimate that is representative of our expectations of future volatility over the expected term of these warrants and conversion options. We have no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining term of the warrants and conversion options. The risk-free interest rate is based on U.S. Treasury securities with maturity terms similar to the expected remaining term of the warrants and conversion options.

At September 30, 2012, the Company identified the following assets and liabilities that are required to be presented on the balance sheet at fair value:

	Fair Value As of September 30, 2012	Fair Value Measurements at September 30, 2012 Using Fair Value Hierarchy		
Liabilities		Level 1	Level 2	Level 3
Warrant liability	$ 8,364	-	$ 8,364	-
Conversion option liability	1,479,204	-	1,479,204	-
Total accrued derivative liabilities	$ 1,487,568	-	$ 1,487,568	-

For the year ended September 30, 2012, the Company recognized a loss of $2,402 for the change in the fair value of accrued warrant liability and the Company recognized a loss of $1,190,295 for the change in fair value of accrued beneficial conversion liability, respectively. For the year ended September 30, 2010, the Company recognized a gain of $167,696 for the change in the fair value of accrued warrant liability and $647 for the change in fair value of accrued beneficial conversion liability.

The Company did not identify any other non-recurring assets and liabilities that are required to be presented in the consolidated balance sheets at fair value in accordance with ASC 825.

Income Taxes

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Company' s consolidated financial statements. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. No significant penalties or interest relating to income taxes were incurred during the years ended September 30, 2012 and 2011.

Basic and Diluted Net Loss Per Share

Basic and Diluted Net Loss Per Share

The Company reports loss per share in accordance with the ASC Topic 260, "Earnings-Per-Share." Basic-earnings per-share is based upon the weighted average number of common shares outstanding. Diluted-earnings-per-share is based on the assumption that all dilutive convertible shares and stock warrants were converted or exercised. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. Due to the net loss for the years ended September 30, 2012 and 2011, none of the potential dilutive securities have been included in the calculation of dilutive earning per share because their effect would be anti-dilutive.

Stock - Based Compensation

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." ASC 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the employee' s requisite service period. Under ASC 718, the Company' s volatility is based on the historical volatility of the Company' s stock or the expected volatility of similar companies. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company uses the Black-Scholes option-pricing model which was developed for use in estimating the fair value of options. Option-pricing models require the input of highly complex and subjective variables including the expected life of options granted and the Company' s expected stock price volatility over a period equal to or greater than the expected life of the options. Because changes in the subjective assumptions can materially affect the estimated value of the Company' s employee stock options, it is management' s opinion that the Black-Scholes option-pricing model may not provide an accurate measure of the fair value of the Company' s employee stock options. Although the fair value of employee stock options is determined in accordance with ASC 718 using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/seller market transaction.

The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In December 2010, the FASB issued updated guidance on when and how to perform certain steps of the periodic goodwill impairment test for public entities that may have reporting units with zero or negative carrying amounts. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010, with early adoption prohibited. The adoption of this standard update did not impact the Company' s consolidated financial statements.

In May 2011, the FASB issued guidance to amend certain measurement and disclosure requirements related to fair value measurements to improve consistency with international reporting standards. This guidance is effective prospectively for public entities for interim and annual reporting periods beginning after December 15, 2011, with early adoption by

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public entities prohibited. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its consolidated financial statements.

In June 2011, the FASB issued new guidance on the presentation of comprehensive income that will require a company to present components of net income and other comprehensive income in one continuous statement or in two separate, but consecutive statements. There are no changes to the components that are recognized in net income or other comprehensive income under current GAAP. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011, with early adoption permitted. The Company is currently evaluating this guidance, but does not expect its adoption will have a material effect on its consolidated financial statements.

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