

LOT78, INC.  
Form S-1/A  
January 27, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM S-1**

**Amendment No. 1**

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

Commission File Number: 000-54816

**LOT78, INC.**

(Exact name of registrant as specified in its charter)

|   |   |   |
|---|---|---|
| Nevada  | 2300  | 26-2940624                              |
| (State or other jurisdiction of<br>incorporation or organization) | (Primary Standard Industrial<br>Classification Code Number) | (I.R.S. Employer Identification Number) |

65 Alfred Road

Studio 209

London W2 5EU

Tel. 00447801480109

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

State Agent and Transfer Syndicate, Inc.

112 North Curry Street

Carson City, NV 89703-4934

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

From time to time after the effective date of this registration statement.

(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. .

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

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



**CALCULATION OF REGISTRATION FEE**

| <b>Title of Each Class<br/>of Securities to be<br/>Registered</b> | <b>Amount to be<br/>Registered<br/>(4)</b> | <b>Maximum Offering<br/>Price Per<br/>Share</b> | <b>Maximum<br/>Aggregate<br/>Offering<br/>Price<br/>(1)</b> | <b>Amount of<br/>Registration<br/>Fee<br/>(1)</b> |
|---|--|---|---|---|
| Common stock, \$0.001 par value per share                         | 6,666,668 (2)                              | \$0.15  | \$1,000,000   | \$128.80  |
| Common stock, \$0.001 par value per share                         | 14,887,282 (3)                             | \$0.15  | \$2,233,092   | \$287.62  |

Estimated in accordance with Rule 457(c) of the Securities Act, solely for the purposes of calculating the (1) registration fee based upon the last sale reported on the Over the Counter Bulletin Board (“OTCBB”) of \$0.0699 as of November 26, 2013.

Direct Public Offering. This Registration Statement also covers the resale under a separate resale prospectus (the (2) “Resale Prospectus”) by selling shareholders of the Registrant of up to 14,887,282 ordinary shares previously issued to the selling shareholders as named in the Resale Prospectus.

(3)

Selling Shareholders.

In the event of a stock split, stock dividend or similar transaction involving the common shares of the registrant, in (4) order to prevent dilution, the number of shares of common stock registered shall be automatically increased to cover additional shares in accordance with Rule 416(a) under the United States Securities Act of 1933, as amended (the “Securities Act”).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

*The information in this prospectus is not complete and may be changed. These securities may not be sold (except pursuant to a transaction exempt from the registration requirements of the Securities Act) until this registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.*

**Subject to completion, dated \_\_\_\_\_, 2014**

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## EXPLANATORY NOTE

This Registration Statement contains two prospectuses, as set forth below.

**Public Offering Prospectus.** A prospectus regarding our offering of up to 6,666,668 shares of our common stock in a direct public offering, without any involvement of underwriters or broker-dealers (the “Public Offering Prospectus”). Should all shares being offered by the Company hereunder be sold, the Company would receive an aggregate of \$1,000,000. The offering price is \$0.15 per share for newly issued shares.

**Resale Prospectus.** A prospectus to be used for the resale by selling shareholders of up to 14,887,282 shares of the Registrant’s common stock (the “Resale Prospectus”). The offering price is a fixed price of \$0.15 per share for shares being sold by current shareholders.

The Resale Prospectus is substantively identical to the Public Offering Prospectus, except for the following principal points:

- they contain different outside and inside front covers;
- they contain different Offering sections;
- they contain different Use of Proceeds sections;
- a Selling Shareholders section is included in the Resale Prospectus;
- they contain different Plan of Distribution sections;
- the Dilution section is deleted from the Resale Prospectus;
- references in the Public Offering Prospectus to the Resale Prospectus will be deleted from the Resale Prospectus;
- they contain different outside back covers.

*The Registrant has included in this Registration Statement, after the financial statements, a set of alternate pages to reflect the foregoing differences of the Resale Prospectus as compared to the Public Offering Prospectus.*

**LOT78, INC.**

**65 Alfred Road**

**Studio 209**

**London W2 5EU**

**Tel. 00447801480109**

## **PRELIMINARY PROSPECTUS**

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

**PUBLIC OFFERING: 6,666,668 SHARES OF COMMON STOCK**

**RESALE OFFERING: 14,887,282 SHARES OF COMMON STOCK**

This Registration Statement contains two prospectuses regarding our Public Offering of 6,666,668 shares of Common Stock of Lot78, Inc. and our Resale Offering by existing shareholders of 14,887,282 shares of Common Stock of the Company.

Under our Public Offering (the "Offering"), we are offering up to 6,666,668 shares of our common stock with an offering price of \$0.15 per share. This Offering shall be conducted without any involvement of underwriters or broker-dealers, should all shares being offered by the Company hereunder be sold, the Company would receive an aggregate of \$1,000,000. There is no minimum number of shares that must be sold by us for the Offering to proceed, and we will retain the proceeds from the sale of any of the offered shares. The Offering is being conducted on a self-underwritten, best efforts basis, which means our officers and directors will attempt to sell the shares. This Prospectus will permit our officers and directors to sell the shares directly to the public, with no commission or other remuneration payable to them for any shares they may sell. Our officers and directors will offer our shares at a fixed price of \$0.15 per share for a period of one hundred and eighty (180) days from the effective date of this prospectus, unless extended by our board of directors for an additional 90 days. In offering the securities on our behalf, our Officers and Directors will rely on the safe harbor from broker-dealer registration set out in Rule 3a4-1 under the Securities and Exchange Act of 1934. We are an "emerging growth company" under applicable Securities and Exchange Commission rules and will be subject to reduced public company reporting requirements.

Under the Resale Offering, existing shareholders of the Company are offering for sale a total of 14,887,282 shares of Common Stock of the Company at a fixed price of \$0.15 per share. If all of the shares offered by the Selling Shareholders under the Resale Offering are purchased, the gross proceeds will be \$2,233,092. The Company will not receive any proceeds from the resale of shares by the Selling Shareholders. The Selling Shareholders will receive all of the net proceeds from the resale of the shares.

Lot78, Inc. is a development stage company and currently has limited operations. Any investment in the shares offered herein involves a high degree of risk. You should only purchase shares if you can afford a loss of your investment. Our independent registered public accountant has issued an audit opinion for Lot78, Inc. which includes a statement expressing substantial doubt as to our ability to continue as a going concern.

Our common stock is currently quoted on the OTCBB under the symbol "LOTE.OB". On November 26, 2013, the closing price of our common stock was \$0.0699 per share.

**This prospectus covers the primary public offering by the Company of 6,666,668 shares of common stock. The Company is concurrently conducting a resale offering for 14,887,282 shares, which is covered in a separate resale prospectus.**

**THE PURCHASE OF THE SECURITIES OFFERED THROUGH THE PUBLIC OFFERING PROSPECTUS AND RESALE PROSPECTUS INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY READ AND CONSIDER THE SECTION OF THE PROSPECTUSES ENTITLED "RISK**



**FACTORS” ON PAGES 10 THROUGH 17 BEFORE BUYING ANY SHARES OF LOT78, INC. COMMON STOCK. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

*No dealer, salesperson or any other person is authorized to give any information or make any representations in connection with this offering other than those contained in this prospectus and, if given or made, the information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which the offer or solicitation is not authorized or is unlawful.*

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*You should rely only on the information contained or incorporated by reference to this prospectus in deciding whether to purchase our common stock. We have not authorized anyone to provide you with information different from that contained or incorporated by reference to this prospectus. Under no circumstances should the delivery to you of this prospectus or any sale made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus. To the extent that any facts or events arising after the date of this prospectus, individually or in the aggregate, represent a fundamental change in the information presented in this prospectus, this prospectus will be updated to the extent required by law.*

## **PROSPECTUS SUMMARY**

*The following summary highlights material information contained in this prospectus. This summary does not contain all of the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the risk factors section, the financial statements and the notes to the financial statements. You should also review the other available information referred to in the section entitled "Where you can find more information" in this prospectus and any amendment or supplement hereto. Unless otherwise indicated, the terms the "Company," "we," "us," and "our" refer and relate to Lot78, Inc.*

### **The Company Overview**

The Company was incorporated in the State of Nevada on June 27, 2008 under the name "Global Club, Inc." The original business plan of the Company was to develop a wide range of loyalty programs based on a system of "Global Club points" awarded for purchases made in associated establishments. The Company was not successful in implementing its Global Club points business model on a large-scale basis, and pursued alternative business opportunities and potential acquisition partners. On March 14, 2011, the Company filed a Certificate of Amendment with the Secretary of State of Nevada changing the name of the Company to "Bold Energy, Inc."

On November 12, 2012, the Company, then under the name Bold Energy, Inc., entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Anio Limited ("Anio Ltd."), a limited liability company established under the laws of the United Kingdom, which conducts its primary line of business under the name Lot78, Inc. ("Lot78"), the shareholders of Anio Ltd. (the "Anio Ltd. Shareholders"), and the controlling stockholders of the Company (the "Bold Controlling Stockholders"). Pursuant to the Share Exchange Agreement, the Company acquired 11,510 (100%) shares of common stock of Anio Ltd. from the Anio Ltd. Shareholders (the "Anio Ltd. Shares") and in exchange issued 31,909,654 pre-split (54.26%) restricted shares of its common stock to the Anio Ltd. Shareholders (the "Bold Shares"). The Share Exchange Agreement contains customary representations, warranties and conditions to closing. The closing of the Share Exchange Agreement (the "Closing") occurred on February 4, 2013 (the "Closing Date"). As a result of the Share Exchange Agreement, Anio Ltd. became a wholly-owned subsidiary of the Company and the Company now carries on the business of Anio Ltd. as its primary business. Effective May 14, 2013, the Company changed its fiscal year end from July 31st to September 30th to align its fiscal year end with that of Anio Ltd. Anio Ltd. subsequently changed its name to Lot78 UK Ltd. on March 28, 2013.

The Company designs, markets, distributes, and sells apparel under the brand name "Lot78" to fashion-conscious consumers on four continents, including North America, Europe, Asia, and South America. We seek to be a trend setting leader in the design, marketing, distribution and sale of luxury street apparel. Our current collection is a full men's and women's contemporary ready-to-wear line which includes leather jackets, t-shirts, sweats, knitwear, accessories, jeans, chinos, and wool coats. We operate in three distinct but integrated segments: Wholesale, Consumer Direct and Core Services. Our Wholesale segment sells our products to industry-leading high-end global department stores, specialty retailers and boutiques; our Consumer Direct segment consists of e-commerce sales through our branded website located at [www.lot78.com](http://www.lot78.com); and our Core Services segment provides product design, distribution,

marketing and other overhead resources to the other segments.

Since our inception in 2008, we have developed a recognizable brand, expanded our product offerings, and initiated a growth strategy to expand both our Wholesale and Consumer Direct segment sales. A close and influential network of global contract manufacturers have greatly aided the expansion of the Lot78 collection, which started with four men's leather jackets and developed to become a full men's and women's ready-to-wear fashion and apparel line. We utilize contract manufacturers located in Italy for the manufacture of our products. The majority of our production is based in the Venetian region of Italy, whose legacy befits our aesthetic heritage and focus on luxurious quality and innovative style. All garments are sourced, designed and manufactured by people with unique strengths, skills, and craftsmanship to create premium quality and reliable products that are in high demand with our targeted affluent demographics. We seek to continue to build our brand recognition that is characterized by unique style, timelessness, utility, and quality, as opposed to merely following prevailing fads or trends that do not have the same degree of potential growth or longevity over time.

We are an “emerging growth company” within the meaning of the federal securities laws. For as long as we are an emerging growth company, we will not be required to comply with the requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an emerging growth company. For a description of the qualifications and other requirements applicable to emerging growth companies and certain elections that we have made due to our status as an emerging growth company, see “*We are an “Emerging Growth Company” and we cannot be certain if the reduced disclosure requirements applicable to Emerging Growth Companies will make our Common Stock less attractive to Investors*” on page 10 of this prospectus.

As long as we remain an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”), we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an “emerging growth company.”

We will remain an emerging growth company until the earliest of: (A) the last day of the fiscal year following the fifth anniversary of our first sale of common equity securities pursuant to an effective registration statement, (B) the last day of the fiscal year in which we have total annual gross revenue of \$1.0 billion or more, (C) the date that we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (D) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

**SUMMARY OF THIS OFFERING**

|   |   |
|---|---|
| <b>The Issuer</b>                                       | Lot78, Inc.   |
| <b>Securities being offered</b>                         | Up to 6,666,668 shares of Common Stock is being offered for sale by the Company, this represents approximately 2.81% of the currently issued and outstanding shares of the Company's Common Stock. Our Common Stock is described in further detail in the section of this prospectus titled "DESCRIPTION OF SECURITIES."  |
| <b>Per Share Price</b>                                  | \$0.15  |
| <b>Duration of Offering</b>                             | The shares are offered for a period not to exceed 180 days, unless extended by our Board of Directors for an additional 90 days.  |
| <b>Number of shares Outstanding before the Offering</b> | There are 237,570,283 shares of Common Stock issued and outstanding as of January 24, 2014.   |
| <b>Registration Costs</b>                               | <p>We estimate our total costs relating to the registration herein to be approximately \$56,920.</p> <p>The Company is offering a maximum of 6,666,668 shares of Common Stock, \$0.001 par value at an offering price of \$0.15 per Share for net proceeds to the Company of \$1,000,000. The full subscription price will be payable at the time of subscription and accordingly, funds received from subscribers in this Offering will be released to the Company when subscriptions are received and accepted.</p> |
| <b>Net Proceeds to the Company</b>                      | <p>No assurance can be given that the net proceeds from the total number of shares offered hereby or any lesser net amount will be sufficient to accomplish our goals. If proceeds from this offering are insufficient, we may be required to seek additional capital. No assurance can be given that we will be able to obtain such additional capital, or even if available, that such additional capital will be available on terms acceptable to us.</p>  |
| <b>Use of Proceeds</b>                                  | <p>We will use the proceeds to pay administrative expenses, operating expenses, and working capital. Our business plan includes opening standalone stores in the UK and US.</p>   |
| <b>Risk factors</b>                                     | <p>An investment in our Common Stock involves a high degree of risk. You should carefully consider the risk factors set forth under "Risk Factors" section hereunder and the other information contained in this prospectus before making an investment decision regarding our Common Stock.</p>  |
| <b>OTCBB Trading Symbol</b>                             | Our common stock is currently quoted on the OTCBB under the symbol "LOTE.OB".   |

## **RISK FACTORS**

*Investment in our common stock involves significant risk. You should carefully consider the information described in the following risk factors, together with the other information appearing elsewhere in this prospectus, before making an investment decision regarding our common stock. If any of the events or circumstances described in these risks actually occur, our business, financial conditions, results of operations and future growth prospects would likely be materially and adversely affected. In these circumstances, the market price of our common stock could decline, and you may lose all or a part of your investment in our common stock.*

### **RISKS RELATED TO THE OFFERING**

*As there is no minimum for our offering, if only a few persons purchase shares they will lose their investment.*

Since there is no minimum with respect to the number of shares to be sold directly by the Company in this offering, if only a few shares are sold, we may not have enough capital to sustain our business. In such an event, it is highly likely that any investment would be lost. As such, proceeds from this offering may not be sufficient to meet the objectives we state in this prospectus, other corporate milestones that we may set, or to avoid a “going concern” modification in future reports of our auditors as to uncertainty with respect to our ability to continue as a going concern. If we fail to raise sufficient capital, we would expect to have to significantly decrease operating expenses, which will curtail the growth of our business.

*Investing in the Company is a highly speculative investment and could result in the loss of your entire investment.*

A purchase of the offered shares is significantly speculative and involves significant risks. The offered shares should not be purchased by any person who cannot afford the loss of his or her entire purchase price. The business objectives of the Company are also speculative, and we may be unable to satisfy those objectives. The stockholders of the Company may be unable to realize a substantial return on their purchase of the offered shares, or any return whatsoever, and may lose their entire investment in the Company. For this reason, each prospective purchaser of the offered shares should read this prospectus and all of its exhibits carefully and consult with their attorney, business advisor and/or investment advisor.

*Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.*

The offering price of our Common Stock is substantially higher than the net tangible book value per share of our outstanding Common Stock immediately after this offering. Therefore, if you purchase our Common Stock in this offering, you will incur immediate dilution of \$0.15022 in net tangible book value per share from the price you paid.

***As a result of the concurrent offering by the Company and by Selling Shareholders, we may not be able to sell the shares being offered by us which will reduce the amount of capital available for our operations.***

The Company and Selling Shareholders will be offering shares of the Company's common stock at the same time. The Selling Shareholders include our officers and directors who will also be selling shares on behalf of the Company under the Offering. The sale of shares by the Selling Shareholders is not contingent upon the Company selling a minimum number of its shares. Due to the concurrent offering, the Company and Selling Shareholders may be competing for potential investors. While we do not believe we will be approaching the same potential investors, we may inadvertently do so and if there is a conflict, it is possible that we may not be able to fully subscribe our offering. In that event, the overall proceeds to the Company from our offering may be decreased which would decrease the amount of capital available for our business operations. Further, sales of a substantial number of shares of our common stock by the Selling Shareholders could impair our ability to raise capital through the sale of additional equity securities.

***We are an "Emerging Growth Company" and we cannot be certain if the reduced disclosure requirements applicable to Emerging Growth Companies will make our Common Stock less attractive to Investors.***



We are an “emerging growth company,” as defined in the Jumpstart our Business Startups Act of 2012 (“JOBS Act”), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, “emerging growth companies” can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to “opt out” of such extended transition period and, therefore, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

## **RISKS RELATED TO OUR BUSINESS**

***We have not been profitable in our operations and may never achieve profitability required to sustain our operations.***

For the year ended September 30, 2013, our net revenue was \$ 777,110 , however, after deducting the cost of goods sold of \$ 588,230 and total expenses of \$ 1,066,916 , and adding foreign currency translation adjustments of \$ 65,820 , our comprehensive loss is \$ 834,115 , compared to a comprehensive loss of \$ 166,222 for the year ended September 30, 2012. In the foreseeable future, we expect to continue to incur significant operating losses and to not be profitable. No assurance can be given that we can ever achieve profitability. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

***Our current cash holdings are insufficient to meet our cash requirements. Accordingly, we will need to raise additional capital to continue our business and if we are unable to do so, we will be forced to delay, reduce or cease our operations.***

Our current cash and cash equivalents are insufficient to meet our anticipated cash requirements. At September 30, 2013, we had \$ 274,312 in cash. We will need to raise additional capital through this offering or through other equity financing to sustain our business operations. We cannot be certain that we will be able to raise sufficient capital through this offering or through other financing or that our actual cash requirements will not be greater than anticipated. Further, financing opportunities may not be available to us, or if available, may not be available on

favorable terms. The availability of financing opportunities will depend on various factors, such as market conditions and our financial condition and outlook. In addition, if we raise additional funds through this offering or through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we obtain additional debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations. If we are unable to obtain financing on terms favorable to us, or at all, we will be unable to continue operations.

***Our current liabilities exceed our current assets by a substantial amount. We can provide no assurance that we will be able to obtain additional financing to repay these liabilities and we may be forced to cease all operations.***

As of September 30, 2013, our current liabilities are \$1, 358,481 and our current assets are \$ 531,929 , resulting in a net capital deficiency of \$ 826,552 . Our current liabilities include \$ 307,385 in accounts payable and accrued liabilities, \$ 169,428 in debt due to third parties and related parties, \$434,464 in derivative liabilities, \$447,204 in convertible debt and other debt due to shareholders. We expect to continue to incur significant liabilities in the operation of our business. We require additional funds in order for us to sustain our current

operations and to repay these liabilities. However, we can provide no assurance that we will be able to obtain additional financing to continue our operations or to reduce our operating expenses enough to meet our existing obligations. As a result, we could be required to cease all operations, liquidate our assets, and seek bankruptcy protection or other alternatives.

***We have a “going concern” opinion from our auditors, indicating the possibility that we may not be able to continue to operate.***

Our independent registered public accountants have expressed substantial doubt about our ability to continue as a going concern. For the year ended September 30, 2013, our comprehensive loss from operations was \$ 834,115 and we have an accumulated deficit of \$ 2,271,672 . The “going concern” opinion could materially limit our ability to raise additional funds by issuing new debt or equity securities or otherwise. If we fail to raise sufficient capital, our ability to continue our operations will be significantly impaired. As a result we may have to liquidate our business and investors may lose their investments. Investors should consider our independent registered public accountant’s comments when deciding whether to invest in the Company.

***Our recent sales have declined as a result of a variety of factors, which may result in volatility of our stock price.***

We earned revenues of \$ 777,110 for the year ended September 30, 2013 compared to revenues of \$ 560,368 for the year ended September 30, 2012. The increase in revenues for the year ended September 30, 2013 can be attributed to new stores buying our collection for the Autumn/Winter 13 season. Bloomingdales, East Dane (Mens division of Shop Bop), The Tannery, and Blue One were some of the stores which bought our collection in the current period. Furthermore, our existing stores of Net-A-Porter, Shop Bop and MrPorter.com also increased their orders with us in 2013 compared to 2012. Our operating results will likely continue to vary from quarter to quarter and the results for any particular quarter may not be necessarily indicative of results for the full year. Any shortfall in sales from levels expected by securities analysts and investors could cause a decrease in the trading price of our common stock.

***We depend on a few major customers for our product revenue, accordingly, the loss of one or more of them could cause a significant decrease in our revenue.***

A significant portion of our revenue has resulted from sales to a limited number of customers. During the year ended September 30, 2013, sales to Net-a-Porter represented 43 % of our gross sales. During the year ended September 30, 2012, sales to Net-a-Porter accounted for 59% of our gross sales. In the near future, we expect to continue to depend upon a limited number of customers for a substantial portion of our revenue. The loss of a major customer or the reduction, delay or cancellation of orders from one or more of our major customers could cause our revenue to decline and our losses to increase. Because we currently depend on a limited number of customers and do not have any

long-term agreements with our major customers, our revenue from quarter to quarter or year to year may be volatile. Adverse changes in our revenue or operating results as a result of changes in the number of or volume of sales to major customers could substantially reduce the trading price of our common stock.

***If we are able to increase our business operations, we may not be able to effectively manage future growth, which may have a material adverse effect on our future operating results.***

We anticipate that our future growth, if any, will depend upon various factors, including the strength of our brand image, the market success of our current and future products, the success of our growth strategies, competitive conditions and our ability to manage our future growth. Future growth may place a significant strain on our management and operations. Further, our operational, administrative, financial and legal procedures and controls would need to be expanded. As a result, we may need to train and manage an increasing number of employees, which could distract our management team from our business. Our future success will depend substantially on the ability of our management team to manage growth. If we are unable to anticipate or manage our future growth effectively, our future operating results could be adversely affected.

***We may be unsuccessful in implementing our planned international expansion, which could impair the value of our brand, harm our business and negatively affect our results of operations.***

Our growth strategy is dependent in part on our ability to open and operate branded retail stores. By 2015, we plan to open a branded retail store in London. As we expand, we may incur significant costs relating to starting up, maintaining and expanding foreign operations. Costs may include, but are not limited to, obtaining prime locations for stores, setting up foreign offices and hiring personnel. We may be unable to open and operate stores successfully and our growth may be limited, unless we are able to:

- identify desirable markets and sites for store locations;
- negotiate acceptable lease terms;
- efficiently build and equip stores;
- hire, train and retain competent store personnel;
- manage inventory effectively to meet the needs of the stores on a timely basis;
- successfully integrate stores into our existing operations;
- manage foreign currency risk effectively;
- satisfy the fashion preferences of customers in new geographic areas; and
- achieve acceptable operating margins from the stores.

We cannot be sure that we can successfully open stores or that our stores will be profitable. Additionally, our expansion may place increased demands on our operational, managerial and administrative resources and these increased demands may cause the Company to operate its business less efficiently.

***Our business could be harmed if we fail to maintain proper inventory levels.***

We place orders with our manufacturers for some of our products prior to the time we receive all of our customers' orders. We do this to minimize purchasing costs, the time necessary to fill customer orders and the risk of non-delivery. We also maintain an inventory of certain products that we anticipate will be in greater demand. However, we may be unable to sell the products we have ordered in advance from manufacturers or that we have in our inventory. Inventory levels in excess of customer demand may result in inventory write-downs, and the sale of excess inventory at discounted prices could significantly impair our brand image and have a material adverse effect on our operating results and financial condition. Conversely, if we underestimate consumer demand for our products or if our manufacturers fail to supply the quality products that we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay product shipments, negatively impact key relationships with our customers, and diminish brand loyalty.

***We rely on contract manufacturing of our products. Our inability to secure production sources meeting our quality, cost, working conditions and other requirements, or failures by our contractors to perform, could harm our sales and reputation.***

We source our products from international manufacturers. As a result, we must locate and secure production that meets our demands. We depend on our manufacturers to maintain adequate financial resources and maintain sufficient development and manufacturing capacity. We do not have material long-term contracts with any of our manufacturers, and these manufacturers generally may unilaterally terminate their relationship with us at any time. Our dependence on contract manufacturers could subject us to a number of risks if these manufacturers do not meet our quality, cost, working conditions and other requirements or if they fail to materially perform, any of which could seriously harm our sales and reputation. Further, if we need to place greater demands on our current manufacturers due to increased customer demands, or seek additional or replacement manufacturers, we may be unable to do so on terms that are acceptable to us, if at all.

***We rely on third-party suppliers who provide fabrics to our manufacturers to create our products. We have limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity.***

We do not manufacture our products or the raw materials used to create our products and instead rely on third-party suppliers to supply the materials to our manufacturers. We have no material long-term contracts with these suppliers, and we compete with other companies for fabrics, raw materials, and production. We may experience a significant disruption in the supply of fabrics or raw materials from current sources or, in the event of a disruption, we may be unable to locate alternative materials suppliers of comparable quality at an acceptable price,

or at all. In addition, if we experience significant increased demand, or if we need to replace an existing supplier, we may be unable to locate additional supplies of fabrics or raw materials on terms that are acceptable to us, or at all, or we may be unable to locate any supplier with sufficient capacity to meet our requirements or to fill our orders in a timely manner. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. Even if we are able to expand existing fabric sources, we may encounter delays in production and added costs as a result of the time it takes to train suppliers in our methods, products and quality control standards. Delays related to supplier changes could also arise due to an increase in shipping times if new suppliers are located farther away from our markets or from other participants in our supply chain. Any delays, interruptions or increased costs in the supply of fabrics for our products could have an adverse effect on our ability to meet customer demand for our products and result in lower net revenue and income from operations both in the short and long term.

***Our business is subject to risks associated with manufacturing overseas.***

All of our products are manufactured overseas. Our ability to import products in a timely and cost-effective manner may be affected by conditions at ports or issues that otherwise affect transportation, such as port and shipping capacity, labor disputes and work stoppages, political unrest, severe weather, or security concerns. These issues could delay importation of products or require us to locate alternative ports to avoid disruption to our customers. These alternatives may not be available on short notice, if at all, or could result in higher transit costs, which could have an adverse impact on our business and financial condition.

Further, our imported products are subject to customs laws, which impose tariffs, as well as import quota restrictions on apparel. While importation of goods from foreign countries from which we buy our products may be subject to embargoes if shipments exceed quota limits, we currently are not restricted by quotas in the operation of our business. However, we have no guarantee that regulations on imported goods will not materially change or that our business will not be adversely affected by duties, tariffs or embargoes in the future.

***Violation of labor laws and practices by our manufacturers and suppliers could harm our business.***

We require our manufacturers and suppliers to operate in compliance with applicable laws and regulations. While the Company promotes ethical business practices, we do not control our manufacturers or suppliers or their labor practices. The violation of labor or other laws by any of our manufacturers or suppliers, or divergence of their labor practices from those generally accepted as ethical in the local markets, could interrupt or otherwise disrupt the shipment of our products, harm the value of our trademarks, damage our reputation or expose us to potential liability for their wrongdoings.

***A privacy breach could damage our reputation and our relationship with our customers, expose the Company to litigation risk and adversely affect our business.***

As part of our normal course of business, we collect, process and retain sensitive and confidential customer information. Despite security measures we have in place, our facilities and systems may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information could severely damage our reputation and our relationships with our customers, expose the Company to risks of litigation and liability and adversely affect our business.

***The loss of our Chief Executive Officer or other key personnel would have an adverse impact on our future development and could impair our ability to succeed.***

Our performance is substantially dependent upon the expertise of our Founder and Chief Executive Officer, Oliver Amhurst, and other key personnel. In addition to his executive officer functions, Mr. Amhurst heads our design team, marketing, and several other aspects of our business operations and his leadership has been instrumental to our business. The death or disability of Mr. Amhurst, temporary or permanent loss of his services, or any negative market or industry perception with respect to him, could have a material adverse effect on our business. Mr. Asgherali Gulamhussein, our Chief Financial Officer and a Director of the Company, as well as our other employees have also made significant contributions to the Company. The unexpected loss of services of one or more



of these individuals could also have a material adverse effect on us. We do not maintain "key man" insurance with respect to Mr. Amhurst, Mr. Gulamhussein or any of our other key personnel, and any of them may leave us at any time, which could severely disrupt our business and future operating results.

***Our officers and directors may not be subject to suit in the United States, which may prevent investors in our Company from obtaining or enforcing judgments against them under United States Securities Laws.***

Our officers and directors, Mr. Oliver Amhurst and Mr. Asgherali Gulamhussein, are residents of Great Britain. As a result, it may be difficult or impossible for our investors to effect service of process within the United States upon them, to bring suit against them in the United States or to enforce in the United States courts any judgment obtained there against them predicated upon any civil liability provisions of the United States federal securities laws. Investors should not assume that British courts will either enforce judgments of United States courts obtained in actions against them predicated upon the civil liability provisions of the United States federal securities laws or the securities or "blue sky" laws of any state within the United States or enforce, in original actions, liabilities against them upon the United States federal securities laws or any such state securities or "blue sky" laws.

***Our President, Chief Executive Officer, and a Director of the Company, Oliver Amhurst, beneficially owns a large percentage of our common stock and may be able to exert significant influence and control over us and may make decisions that do not always coincide with the interests of other stockholders.***

As of the date of this prospectus, our President, Chief Executive Officer and a Director of the Company, Mr. Oliver Amhurst, beneficially owns approximately 30.442 percent (30.442%) of our common stock and is our largest stockholder. As a result, Mr. Amhurst is in a position to exert significant control over us and has the ability to substantially influence all matters submitted to our stockholders for approval, including the election and removal of directors, any merger, consolidation or sale of all or substantially all of our assets, an increase in the number of shares authorized for issuance under stock option plans, and to control our management and affairs. Accordingly, such concentration of ownership may have the effect of delaying, deferring or preventing a change in or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would be beneficial to other stockholders.

***Our Articles of Incorporation exculpates our officers and directors from certain liability to our Company or our stockholders.***

Our Articles of Incorporation contain a provision limiting the liability of our officers and directors for their acts or failures to act, except for acts involving intentional misconduct, fraud or a knowing violation of law. This limitation on liability may reduce the likelihood of derivative litigation against our officers and directors and may discourage or

deter our stockholders from suing our officers and directors based upon breaches of their duties to our Company.

*Our success depends on the continued protection of our trademarks.*

Our trademarks are important to our success and competitive position, and the loss of or inability to enforce our trademarks could harm our business. We have devoted and will continue to devote substantial resources to the establishment and protection of our trademarks on a worldwide basis. Despite any precautions we may take to protect our trademarks, policing unauthorized use of them is difficult, expensive and time-consuming, and we may be unable to adequately protect our trademarks or determine the extent of any unauthorized use, particularly in those foreign countries where the laws do not protect proprietary rights as fully as in the United States or United Kingdom. Our efforts to establish and protect our trademarks may not be adequate to prevent imitation or counterfeiting of our products by others or to prevent others from seeking to block sales of our products for violating their trademarks. Unauthorized copying of our products or unauthorized use of our trademarks may decrease sales of our products and cause significant damage to our brand name and our ability to effectively represent ourselves to our customers. Also, we cannot assure you that others will not assert rights in, or ownership of, our trademarks, that our trademarks would be upheld if challenged or that we would, in that event, not be prevented from using our trademarks, any of which could have a material adverse effect on our financial condition and results of operations. Further, we could incur substantial costs in legal actions relating to our use of our

trademarks or the use of our trademarks by others. Even if we are successful in these actions, the costs we incur could have a material adverse effect on us.

## **RISKS ASSOCIATED WITH OUR COMMON STOCK**

*The Company's stock price may be volatile.*

The market price of the Company's common stock is likely to be highly volatile and could fluctuate widely in price in response to various potential factors, many of which will be beyond the Company's control, including the following:

competition;

additions or departures of key personnel;

the Company's ability to execute its growth strategies;

operating results that fall below expectations;

loss of any strategic relationship;

industry developments;

economic and other external factors; and

period-to-period fluctuations in the Company's financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the Company's common stock.

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

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all. We cannot assure you of a positive return on investment or that you will not lose the entire amount of your investment in our common stock.

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

Our Articles of Incorporation and amendments thereto authorize the issuance of 350,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share. The future issuance of all or part of our remaining authorized common stock may result in substantial dilution in the percentage of our common stock held by our then existing stockholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

***The Company's common stock is currently deemed to be "penny stock", which makes it more difficult for investors to sell their shares.***

The Company's common stock is currently subject to the "penny stock" rules adopted under section 15(g) of the Exchange Act. The penny stock rules apply to companies whose common stock is not listed on the NASDAQ Stock Market or other national securities exchange and trades at less than \$5.00 per share or that have tangible net

worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If the Company remains subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for the Company’s securities. If the Company’s securities are subject to the penny stock rules, investors will find it more difficult to dispose of the Company’s securities.

***FINRA sales practice requirements may limit a stockholder’s ability to buy and sell our stock.***

The Financial Industry Regulatory Authority (“FINRA”) has adopted rules that relate to the application of the SEC’s penny stock rules in trading our securities and require that a broker/dealer have reasonable grounds for believing that the investment is suitable for that customer, prior to recommending the investment. Prior to recommending speculative, low priced securities to their non-institutional customers, broker/dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information.

Under interpretations of these rules, FINRA believes that there is a high probability that speculative, low priced securities will not be suitable for at least some customers. FINRA’s requirements make it more difficult for broker/dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity and liquidity of our common stock. Further, many brokers charge higher transactional fees for penny stock transactions. As a result, fewer broker/dealers may be willing to make a market in our common stock, reducing a shareholder’s ability to resell shares of our common stock.

**DETERMINATION OF OFFERING PRICE**

The offering price and other terms and conditions relative to our shares have been arbitrarily determined by the Company and do not bear any relationship to assets, earnings, book value, or any other objective criteria of value. In addition, no investment banker, appraiser, or other independent third-party has been consulted concerning the offering price for the shares or the fairness of the offering price used for the shares.

**USE OF PROCEEDS**

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Our offering is being made in a direct public offering, without the involvement of underwriters or broker-dealers. Lot78, Inc. expects to disburse the proceeds from this offering in the priority set forth below within the first 12 months after successful completion of this offering.

Not taking into account any possible additional funding or revenues, Lot78, Inc. intends to use the proceeds from this offering as follows. The following chart indicates the amount of funds that we will allocate to each item, but does not indicate the total fee/cost of each item. The amount of proceeds we allocate to each item is dependent upon the amount of proceeds we receive from this offering:

| Application of Proceeds                       | 100% of           |               | 50% of            |               | 25% of            |               | 10% of            |               |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|   | Shares Sold<br>\$ | % of          | Shares Sold<br>\$ | % of          | Shares Sold<br>\$ | % of          | Shares Sold<br>\$ | % of          |
| <b>Total Offering Proceeds</b>                | <b>1,000,000</b>  | <b>100.00</b> | <b>500,000</b>    | <b>100.00</b> | <b>250,000</b>    | <b>100.00</b> | <b>100,000</b>    | <b>100.00</b> |
| <b>Offering Expenses</b>                      |                   |               |                   |               |                   |               |                   |               |
| Legal Fees and Expenses                       | 40,000            | 4.00          | 40,000            | 8.00          | 40,000            | 16.00         | 40,000            | 40.00         |
| Audit Fees and Expenses <sup>(1)</sup>        | 15,000            | 1.50          | 15,000            | 3.00          | 15,000            | 6.00          | 15,000            | 15.00         |
| SEC Registration Fee                          | 416.42            | 0.04          | 416.42            | 0.09          | 416.42            | 0.17          | 416.42            | 0.42          |
| Transfer Agent & Registration Fees & Expenses | 500               | 0.05          | 500               | 0.10          | 500               | 0.20          | 500               | 0.50          |
| Miscellaneous Expenses                        | 1,000             | 0.10          | 1,000             | 0.20          | 1,000             | 0.40          | 1,000             | 1.00          |
| <b>Total Offering Expenses</b>                | <b>56,920*</b>    | <b>5.69</b>   | <b>56,920*</b>    | <b>11.39</b>  | <b>56,920*</b>    | <b>22.77</b>  | <b>56,920*</b>    | <b>56.92</b>  |
| <b>Net Proceeds from Offering</b>             | <b>943,080</b>    | <b>94.31</b>  | <b>443,080</b>    | <b>88.61</b>  | <b>193,080</b>    | <b>77.23</b>  | <b>43,080</b>     | <b>43.08</b>  |
| <b>Use of Net Proceeds</b>                    |                   |               |                   |               |                   |               |                   |               |
| Legal and Accounting Fees                     | 60,000            | 6.00          | 30,000            | 6.00          | 15,000            | 6.00          | 6,000             | 6.00          |
| Business Development                          | 130,000           | 13.00         | 65,000            | 13.00         | 32,500            | 13.00         | 13,000            | 13.00         |
| Marketing and Advertising                     | 145,000           | 14.50         | 72,500            | 14.50         | 36,250            | 14.50         | 14,500            | 14.50         |
| Working Capital                               | 525,080           | 52.51         | 234,080           | 46.81         | 88,580            | 35.43         | 1,280             | 1.28          |
| Notes payable and related party transactions  | 83,000            | 8.30          | 41,500            | 8.30          | 20,750            | 8.30          | 8,300             | 8.30          |
| <b>Total Use of Net Proceeds</b>              | <b>943,080</b>    | <b>94.31</b>  | <b>443,080</b>    | <b>88.61</b>  | <b>193,080</b>    | <b>77.23</b>  | <b>43,080</b>     | <b>43.08</b>  |
| <b>Total Use of Proceeds</b>                  | <b>1,000,000</b>  | <b>100.00</b> | <b>500,000</b>    | <b>100.00</b> | <b>250,000</b>    | <b>100.00</b> | <b>100,000</b>    | <b>100.00</b> |

\*Notes: Offering expenses have been rounded to \$57,000.

(1) Audit fees are strictly related to the amount of work performed by our auditor, and the percentage of shares sold in this offering has no impact on our audit fees. If we do not raise sufficient funds from this offering to cover audit related fees, we will have to seek additional outside financing to cover such expenses.



We believe that our current cash and cash equivalents, anticipated cash flow from operations and the proceeds from the sale of the maximum amount of shares being offered hereunder will only be sufficient to meet our anticipated cash needs for the next 18-24 months. Our directors have determined that the maximum amount of funds received from this offering would be sufficient to cover our intended plan of operations contemplated hereby. The Company will use any proceeds received to file reports with the Securities and Exchange Commission, as well as to proceed with the Company's intended business. However, there can be no assurance that the Company will raise any funds through its direct participation offering. If we are able to sell only 50%, 25% or 10% of our offered shares, we anticipate that we will only be able to meet our anticipated cash needs for the next 12-18 months, 6-9 months, or 0-3 months, respectively.

If the Company is able to raise fifty percent (50%) of the maximum amount of funds available under this offering, we intend to use such funds to continue with our business strategy and plan of operations as stated in detail on page 25 of this document. In summary, our future plans include but are not limited to, opening flagship stores in London and the US, exposing the Lot78 brand further by increased involvement in the Paris/London and Milan trade shows and also enhance our e-commerce business by introducing more products and holding more stock.

In this instance, we estimate that we would spend up to \$75,000 on business development and up to \$72,500 on marketing and advertising. However, if we raise nominal amounts under the offering (25% or less of the offered shares), we will likely have to seek out additional capital from alternate sources and if such funds are not available our business would likely fail and any investment would be lost. As with any form of financing, there are uncertainties concerning the availability of such funds and the likelihood that such funds will be available to the Company on terms acceptable to us.

#### **PLAN OF DISTRIBUTION; TERMS OF THE OFFERING**

Lot78, Inc. has issued and outstanding as of the date of this prospectus 237,570,283 shares of Common Stock. The Company is registering an additional 6,666,668 shares of its Common Stock for sale at the price of \$0.15 per share. There is no arrangement to address the possible effect of the offering on the price of the stock.



In connection with the Company's selling efforts in the offering, our officers and directors will not register as broker-dealers pursuant to Section 15 of the Exchange Act, but rather will rely upon the "safe harbor" provisions of SEC Rule 3a4-1, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Generally speaking, Rule 3a4-1 provides an exemption from the broker-dealer registration requirements of the Exchange Act for persons associated with an issuer that participate in an offering of the issuer's securities. None of our officers or directors are subject to any statutory disqualification, as that term is defined in Section 3(a)(39) of the Exchange Act. Our officers and directors will not be compensated in connection with their participation in the offering by the payment of commissions or other remuneration based either directly or indirectly on transactions in our securities. Neither, Mr. Amhurst or Mr. Gulamhussein are now, nor have been within the past 12 months, a broker or dealer, and they are not been, within the past 12 months, an associated person of a broker or dealer. At the end of the offering, both Messrs. Amhurst and Gulamhussein will continue to primarily perform substantial duties for the Company or on its behalf otherwise than in connection with transactions in securities. Neither will participate in selling an offering of securities for any issuer more than once every 12 months other than in reliance on Exchange Act Rule 3a4-1(a)(4)(i) or (iii).

In order to comply with the applicable securities laws of certain states, the securities will be offered or sold in those states only if they have been registered or qualified for sale; an exemption from such registration or if qualification requirement is available and with which the Company has complied. In addition, and without limiting the foregoing, the Company will be subject to applicable provisions, rules and regulations under the Exchange Act with regard to security transactions during the period of time when this Registration Statement is effective.

### ***Offering Period and Expiration Date***

This offering will start on the date of this prospectus and continue for a period of up to 180 days, unless extended by our Board of Directors for an additional 90 days

### ***Procedures for Subscribing***

If you decide to subscribe for any shares in this offering, you must:

1. execute and deliver a subscription agreement; and
2. deliver a check, certified funds or cash by wire transfer of immediately available funds directly to the Company for acceptance or rejection.

The subscription agreement requires you to disclose your name, address, social security number, telephone number, number of shares you are purchasing, and the price you are paying for your shares.

All checks for subscriptions must be made payable to **Lot78, Inc.**

### *Acceptance of Subscriptions*

Upon the Company's acceptance of a Subscription Agreement and receipt of full payment, the Company shall countersign the Subscription Agreement and issue a stock certificate along with a copy of the Subscription Agreement.

### *Right to Reject Subscriptions*

We have the right to accept or reject subscriptions in whole or in part, for any reason or for no reason. All monies from rejected subscriptions will be returned immediately by us to the subscriber, without interest or deductions. Subscriptions for securities will be accepted or rejected within 48 hours after we receive them.

### *Penny Stock Regulation*

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered

on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the SEC, that:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties;
- contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;
- contains a toll-free telephone number for inquiries on disciplinary actions;
- defines significant terms in the disclosure document or in the conduct of trading penny stocks; and,
- contains such other information and is in such form (including language, type, size, and format) as the SEC shall require by rule or regulation.

The broker-dealer also must provide the customer with the following, prior to proceeding with any transaction in a penny stock:

- bid and offer quotations for the penny stock;
- details of the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and,
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, and a signed and dated copy of a written suitability statement.

These disclosure requirements will have the effect of reducing the trading activity in the secondary market for our stock because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling those securities.

### ***Registration Rights***

We have not granted registration rights to any persons.

## **DILUTION**

Net tangible book value per share represents the amount of the Company's tangible assets less total liabilities, divided by the 237,403,616 shares of Common Stock outstanding as of September 30, 2013. Net tangible book value dilution per share represents the difference between the amount per share paid by purchasers of the Shares in this offering assuming the offering price of \$0.15 per share of Common Stock and the pro forma net tangible book value per share of Common Stock immediately after completion of the offering.

After giving effect to the sale of the 6,666,668 shares offered by the Company hereunder, at an Offering Price of \$0.15 per share the pro forma net tangible book value of the Company at September 30, 2013, would have been \$(0.00022) per share, representing an immediate increase in tangible book value of \$0.00422 per share to existing shareholders and an immediate dilution of \$0.15022 per share to purchasers of the Shares.

The following table illustrates the foregoing information with respect to new investors on a per share basis:

|  | 6,666,668   | 3,333,334 | 1,666,667 | 666,667   |
|--|-------------|-----------|-----------|-----------|
|  | Shares      | Shares    | Shares    | Shares    |
|  | (100%)      | (50%)     | (25%)     | (10%)     |
| Offering price per share                                   | \$0.15      | 0.15      | 0.15      | 0.15      |
| Net tangible book value per share before Offering          | \$(0.00444) | (0.00444) | (0.00444) | (0.00444) |
| Increase per share attributable to new investors           | \$0.00422   | 0.00214   | 0.00108   | 0.00043   |
| Pro forma net tangible book value per share after Offering | \$(0.00022) | (0.00230) | (0.00336) | (0.00401) |
| Dilution per share to new investors                        | \$0.15022   | 0.15230   | 0.15336   | 0.15401   |

## **DESCRIPTION OF PROPERTY**

Our executive offices are located at 65 Alfred Road, Studio 209, London W2 5EU. We currently rent this space for approximately \$1,500 USD a month. Currently, this space is sufficient to meet our needs. We do not foresee any significant difficulties in obtaining any required additional space if needed.

## **DESCRIPTION OF SECURITIES**

### ***Common Stock***

Our Articles of Incorporation authorize us to issue three hundred fifty million (350,000,000) shares of common stock, par value \$0.001.

### ***Preferred Stock***

Our Articles of Incorporation authorize us to issue ten million (10,000,000) shares of preferred stock, par value \$0.001. The shares of preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized, by resolution adopted and filed in accordance with law, to provide for the issue of such series of shares of preferred stock.

***Voting Rights***

Except as otherwise required by law or as may be provided by the resolutions of the Board of Directors authorizing the issuance of common stock, all rights to vote and all voting power shall be vested in the holders of common stock. Each share of common stock shall entitle the holder thereof to one vote.

***No Cumulative Voting***

Except as may be provided by the resolutions of the Board of Directors authorizing the issuance of common stock, cumulative voting by any shareholder is expressly denied.

***Dividends***

The holders of common stock shall be entitled to receive when, as and if declared by the Board of Directors, out of funds legally available therefore, dividends payable in cash, stock or otherwise.

***Rights upon Liquidation, Dissolution or Winding-Up of the Company***

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the remaining net assets of the Company shall be distributed pro rata to the holders of the common stock.

We refer you to our Articles of Incorporation, any amendments thereto, Bylaws, and the applicable provisions of the Nevada Revised Statutes for a more complete description of the rights and liabilities of holders of our securities.

### ***Warrants and Options***

There are no outstanding warrants or options to purchase our securities.

On August 30, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Banque Benedict Hentsch & Cie SA (“Banque Benedict”) for the principal sum of Three Hundred and Fifty Thousand Dollars (\$350,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Banque Benedict has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016. A true and correct copy of the Note was filed with the SEC on September 4, 2013, as part of our Current Report on Form 8-K.

On September 9, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Monument Assets & Resources Company Ltd (“Monument Assets”) for the principal sum of One Hundred Thousand Dollars (\$100,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Monument Assets has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016. A true and correct copy of the Note was filed with the SEC on September 11, 2013, as part of our Current Report on Form 8-K.

### **INFORMATION WITH RESPECT TO REGISTRANT**

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ TOGETHER WITH THE FINANCIAL STATEMENTS OF LOT78, INC. AND ANIO LTD. AND THE NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS REGISTRATION STATEMENT ON FORM S-1. THIS DISCUSSION SUMMARIZES THE SIGNIFICANT FACTORS AFFECTING OUR OPERATING RESULTS, FINANCIAL CONDITIONS AND LIQUIDITY AND CASH FLOW SINCE INCEPTION.

### **DESCRIPTION OF OUR BUSINESS**

*General*

The Company was incorporated in the State of Nevada on June 27, 2008 under the name “Global Club, Inc.” The original business plan of the Company was to develop a wide range of loyalty programs based on a system of “Global Club points” awarded for purchases made in associated establishments. The Company was not successful in implementing its Global Club points business model on a large-scale basis, and pursued alternative business opportunities and potential acquisition partners. On March 14, 2011, the Company filed a Certificate of Amendment with the Secretary of State of Nevada changing the name of the Company to “Bold Energy, Inc.”

On November 12, 2012, the Company, then under the name Bold Energy, Inc., entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with Anio Limited (“Anio Ltd.”), a limited liability company established under the laws of the United Kingdom, which conducts its primary line of business under the name Lot78, Inc., the shareholders of Anio Ltd. (the “Anio Ltd. Shareholders”), and the controlling stockholders of the Company (the “Bold Controlling Stockholders”). Pursuant to the Share Exchange Agreement, the Company acquired 11,510 (100%) shares of common stock of Anio Ltd. from the Anio Ltd. Shareholders (the “Anio Ltd. Shares”) and in exchange issued 31,909,654 pre-split (54.26%) restricted shares of its common stock to the Anio Ltd. Shareholders (the “Bold Shares”). The Share Exchange Agreement contains customary representations, warranties and conditions to closing. The closing of the Share Exchange Agreement (the “Closing”) occurred on February 4, 2013 (the “Closing Date”). As a result of the Share Exchange Agreement, Anio Ltd. became a wholly-owned subsidiary of the Company and the Company now carries on the business of Anio Ltd. as its primary business. Effective May 14, 2013, the Company changed its fiscal year end from July 31st to September 30th to



align its fiscal year end with that of Anio Ltd. Anio Ltd. subsequently changed its name to Lot78 UK Ltd. on March 28, 2013.

The Company designs, markets, distributes, and sells apparel under the brand name "Lot78" to fashion-conscious consumers on four continents, including North America, Europe, Asia, and South America. We seek to be a trend setting leader in the design, marketing, distribution and sale of luxury street apparel. Our current collection is a full men's and women's contemporary ready-to-wear line which includes leather jackets, t-shirts, sweats, knitwear, accessories, jeans, chinos, and wool coats. We operate in three distinct but integrated segments: Wholesale, Consumer Direct and Core Services. Our Wholesale segment sells our products to industry-leading high-end global department stores, specialty retailers and boutiques; our Consumer Direct segment consists of e-commerce sales through our branded website located at [www.lot78.com](http://www.lot78.com); and our Core Services segment provides product design, distribution, marketing and other overhead resources to the other segments.

Since our inception in 2008, we have developed a recognizable brand, expanded our product offerings, and initiated a growth strategy to expand both our Wholesale and Consumer Direct segment sales. A close and influential network of global contract manufacturers have greatly aided the expansion of the Lot78 collection, which started with four men's leather jackets and developed to become a full men's and women's ready-to-wear fashion and apparel line. We utilize contract manufacturers located in Italy for the manufacture of our products. The majority of our production is based in the Venetian region of Italy, whose legacy befits our aesthetic heritage and focus on luxurious quality and innovative style. All garments are sourced, designed and manufactured by people with unique strengths, skills, and craftsmanship to create premium quality and reliable products that are in high demand with our targeted affluent demographics. We seek to continue to build our brand recognition that is characterized by unique style, timelessness, utility, and quality, as opposed to merely following prevailing fads or trends that do not have the same degree of potential growth or longevity over time.

### ***Our Brand and Products***

Since 2008, the Lot78 brand has developed an androgynous, contemporary image, which can aptly be described as a marriage of luxury and urbanity. We believe that the strength of the Lot78 brand name and image is derived from our emphasis on combining the brand's London-based roots with its Italian-inspired construction. Our dedication to quality, utilization of Italian production and craftsmanship processes, and mastery of London-based urban and street-wear cultural imagery have combined to infuse our fashion and apparel collection with a unique and avant-guard take on contemporary fashion. We seek to be an innovator in premium lifestyle branding. Our fashion perspective is significantly influenced by our Founder, Mr. Oliver Amhurst, who is an influential figure in the fashion industry and has been at the forefront of style for more than a decade.

We currently offer a full collection of men's and women's ready-to-wear garments that we design, market, distribute and sell under the Lot78 brand. Our current men's and women's products include leather jackets, t-shirts, sweats,

knitwear, accessories, jeans, chinos, and wool coats. Lot78 products often sell in the range of £55 to £900 (approximately \$87 to \$1,417 USD) per item at retail and occasionally we offer specialty items at higher prices. Our products are sold globally through upscale retailers, boutiques and specialty stores, our branded website located at [www.lot78.com](http://www.lot78.com), and additional web retailers, such as [Net-A-Porter.com](http://Net-A-Porter.com), [MrPorter.com](http://MrPorter.com), [Shopbop.com](http://Shopbop.com) and [Barneys.com](http://Barneys.com). We intend to continually diversify our product offerings and designs as part of our seasonal collections. We introduce new collections twice a year during the Spring/ Summer and Autumn/ Winter seasons.

### ***Wholesale Segment***

Our Wholesale segment sells our products to leading high-end global department stores, specialty retailers and boutiques that have the image and merchandising capability that we demand for the effective presentation of our products. Our products are stocked in Barneys, Harrods, Bloomingdales and Net-A-Porter, and in various specialty and boutique stores throughout the world. We have not entered into any contracts with these retailers. Sales are made when these retailers visit Lot78 each season to view our collection and place their orders. The orders are then sent to the manufacturer. Our Wholesale segment accounted for approximately 94 % of our total gross sales in 2013. Two of our six employees work in the Wholesale Segment.

### ***Consumer Direct Segment***

Our Consumer Direct segment sells our products from our e-commerce site, www.lot78.com, and previously through our London store, 125 Ledbury Road, which closed on March 31, 2012. We accept and fill all customer orders received through our website internally. We plan to grow our Consumer Direct segment sales by opening two Lot78 branded retail stores in London by 2015 and 2016 and one branded retail store in New York by 2018. Our Consumer Direct segment accounted for approximately 6 % of our gross sales in 2013. Two of our six employees work in the Consumer Direct Segment.

### ***Core Services Segment***

The Core Services segment provides product design, distribution, marketing, e-commerce and other overhead resources to the Wholesale and Consumer Direct segments. Four of our six employees work in the Core Services Segment.

### ***Design and Product Development***

Three of our six employees are part of our design team, which is led by Mr. Amhurst. Our design team is responsible for the design and development of our products. We do not currently have a formal research and development effort but our design team plans to continue to develop new merchandise styles for each seasonal collection. The development of our products from concept through manufacturing is engineered to be not only fashionable but durable as well.

### ***Manufacturing***

We outsource all of our manufacturing to third parties on an order-by-order basis. Currently, we have contract manufacturers in Italy, These contractors sew and finish Lot78 products to exacting design specifications. We believe we can meet our current production needs using these and other available contract manufacturers. Our Management oversees the manufacturing and quality control of our products by visiting the manufacturer factories or by having representatives from the manufacturers visit Lot78. Our Management also researches and develops new sources of supply for the materials used in the manufacturing of our products.

### ***Sources and Availability of Raw Materials***

The fabrics used in our products are sourced from fabric manufacturers located in Italy, Although we do not currently have any long-term agreements in place for the supply of our fabrics, threads or other components, such high quality fabrics are currently readily available from a number of suppliers, including mills located both in the United States and abroad.

### *Quality Control*

Our quality control program ensures that products meet our high quality standards. A consultant to Lot78, who lives in Italy, monitors the quality of the fabrics used by our contract manufacturers prior to the production of garments and inspects prototypes of each product before production commences. Final random inspections of our products occur when our products are received in our distribution center. We believe that our quality control policy is integral in maintaining the quality, consistency and reputation of our products.

### *Distribution*

Our distribution channels are showrooms we sign up in relevant territories such as the Archetype in New York, which represents our brand in North America and FourMarketing in Europe, Asia and the Middle East. We intend to expand globally through new and established distribution channels including wholesale, retail, e-commerce, concessions, and franchise and licensing agreements to further expand global brand exposure and new opportunities to increase sales revenue.

## ***Marketing***

We market our products to domestic and international wholesale customers by participating in industry trade shows around the world and by displaying our collections in various showrooms. Wholesale customers can be found in four continents and include specialty stores, major department stores, and off-price retailers. Our products are sold in the United States and in several other countries in leading, high-end premium stores, including Barneys, Harrods, and Bloomingdales, and in various boutique and specialty stores. We also sell our products through our branded website, [www.lot78.com](http://www.lot78.com), and additional web retailers, such as [Net-A-Porter.com](http://Net-A-Porter.com), [MrPorter.com](http://MrPorter.com), [Shopbop.com](http://Shopbop.com) and [Barneys.com](http://Barneys.com).

Our marketing and public relations strategy is designed to communicate the signature design aesthetic and lifestyle of our brand. Our unique, "refined grunge" style was created by our founder Mr. Oliver Amhurst. Our marketing is done in house by Mr. Amhurst and another employee of the Company and through our PR agency FourMarketing. Mr. Amhurst oversees every aspect of our marketing, which allows us to set the tone for integrity, consistency and direction of the Lot78 brand image worldwide.

Our marketing consists of a variety of channels including: national and international print advertising, strategic outdoor advertising, in-store advertising, digital advertising, guerilla marketing, involvement in the art community, social media and philanthropic acts. We are also actively involved in publications and blogs with global exposure in the world's most reputable fashion publications, such as *Vogue*, *WWD*, *Tatler* and [Nottingchic.com](http://Nottingchic.com), due to our key relationships with influential writers, bloggers and fashion figures. This mix of media and channels is designed to support the brand's growth across diverse consumer groups and markets. In addition, the brand strategically cultivates and enjoys a strong and loyal celebrity following. These unpaid celebrity endorsements have been, and continue to be, highly effective in expanding our brand awareness and affinity.

## ***Dependence on One or a Few Major Customers***

We are highly dependent upon one or a few major customers. During the year ended September 30, 2013, Net-a-Porter represented 43 % of our gross sales. During the year ended September 30, 2012, Net-a-Porter accounted for 59% of our gross sales. We have not entered into any specific long-term agreements with Net-a-Porter for the sale of our products. Net-a-Porter, as well as several of our other customers, purchase our products by submitting a Purchase Order to us. Upon delivery of our products, we provide an Order Confirmation to the customer, along with our general Supply Terms & Conditions. A copy of our general Supply Terms & Conditions was filed on July 19, 2013 as Exhibit 10.01 to our Current Report on Form 8-K and is incorporated herein by reference.

Our Wholesale segment sells our products to various global department stores, specialty retailers and boutiques including Barneys, Harrods, Bloomingdales, and Net-A-Porter. In total, we now have 20 stores that make up our

Wholesale business.

Our Consumer Direct segment sells our products from our branded website, [www.lot78.com](http://www.lot78.com). Customers of our website include the general public from around the world.

### ***Business Strategy***

Over the next five years, our growth strategy will focus on the following five key areas:

#### **Increase Global Wholesale Sales**

Our distribution channels are showrooms we sign up in relevant territories such as the Archetype in New York, which represents our brand in North America and FourMarketing in Europe, Asia and the Middle East. We aim to expand our Wholesale segment by employing three key showrooms at global trade shows that we participate in, with the intention of further penetrating the Asian, European and American markets. The trade show circuit operates in conjunction with the global fashion weeks (Milan, Paris, London and New York). We believe that increased involvement in trade shows will enable us to further expose the Lot78 brand, explore a larger sales field and develop new relationships with retailers, which will potentially lead to increased revenues and greater brand awareness.

### **Invest in Online Development and E-commerce Activity**

We currently offer a globally accessible transactional website, [www.lot78.com](http://www.lot78.com), which allows anyone with Internet access to purchase our products online. We are currently working with a website developer to make key operational advances to our website such as development of user-friendly operations and layout improvements. Further, we intend to present a greater number of products on our website and expand into further marketing techniques such as affiliate marketing and advertisement opportunities.

### **Establish Stores and Seek Franchise Partnership Opportunities**

We plan to launch the first branded Lot78 retail store in 2015 in London to engage a new consumer base. We feel that the introduction of our own stores will allow for stronger brand positioning and increased exposure. We intend to open two additional branded retail stores in London and New York in 2016 and 2018, respectively, to expose the brand to the impressive buying opportunity of the American and UK markets.

We will also seek joint licensing agreements with key global partners through expansion into new categories such as fragrances, footwear and accessories, with a focus on retaining the key elements of the brand's identity.

### **Diversify and Expand our Product Portfolio**

We will continue to expand and strengthen our current product portfolio while exploring opportunities to diversify into new product categories within a ready-to-wear line. We believe that diversification engages new consumer interest and enables the brand to benefit from a proactive and developing brand image while stimulating revenue from increased buyer interest and awareness of the brand. Furthermore, we anticipate that expansion of our collection will enable wholesale activity to flourish as well as increased online sales.

### **Expand our Team**

Our team currently includes six employees with varied skills and backgrounds who engage in overlapping roles and responsibilities for different segments of our business. In the next five years, we aim to increase the number of direct in-house employees to fifteen people. Further, we intend to allocate a specific area(s) of our business strategy to a specific employee or employees and will focus on developing that employee's skills in that area of responsibility. Such areas of responsibility will include sales, website and social media, design and production, marketing, public relations, administration, finance and product development. The expansion of our team will allow for focused development of all areas of our business.

***Seasonality of Business***

94 % of our business works on a seasonal basis. We achieve our highest sales twice a year from our Autumn/Winter collection, which we receive monies from in July and August, and our Spring/Summer collection, which we receive monies from in January and February. The remaining 6% of our sales are non-seasonal and come in weekly from our e-commerce website, which presently is a growing part of our business.

***Research and Development Activities***

During the past two years, approximately £100,000 (\$151,080 USD) has been spent on research and development. Our research and development activities focused on several different aspects of the business such as salaries to our designer and consultant in Italy, business trips to our manufacturers, attending fabric fairs, marketing, etc.

***Trademarks***

The “Lot78” brand is trademarked worldwide. Generally, our trademarks remain valid and enforceable so long as we continue to use the marks in commerce and the required registration renewals are filed. We consider our



trademarks to be valuable assets in the marketing of our products and seek to protect them from infringement worldwide.

### ***Government Regulation on the Business***

Our business operations are subject to several international and domestic laws including labor and employment laws, laws governing advertising and promotions, privacy laws, safety regulations, import/export restrictions, consumer protection regulations that govern product standards and labeling, and several other regulations. We believe that we are currently in material compliance with all such applicable laws.

All of our products are manufactured outside of the United Kingdom. These products are imported and are subject to customs laws, which impose tariffs as well as import quota restrictions for apparel. While importation of goods from foreign countries from which we buy our products may be subject to embargo if shipments exceed quota limits, we currently are not restricted by quotas in the operation of our business. In addition, custom duties and tariffs do not comprise a material portion of the cost of our products.

Our e-commerce website and online content are subject to government regulation of the Internet in many areas, including user privacy, telecommunications, data protection, and commerce. The application of these laws and regulations to our business is often unclear and sometimes may conflict. It may take years to determine whether and how existing laws such as those governing intellectual property, privacy, advertising, etc. apply to the Internet.

Nonetheless, laws and regulations directly applicable to Internet communications, commerce and advertising are becoming more prevalent. Due to the increasing popularity and use of the Internet, it is possible that laws and regulations may be adopted covering issues such as user privacy, content, quality of products and much more.

Further, the growth and development of the market for e-commerce may prompt calls for more stringent consumer protection laws, which may impose additional burdens on companies conducting business online. Compliance with these regulations may involve significant costs or require changes in business practices that result in reduced revenue. Noncompliance could result in penalties being imposed on us or orders that we stop the alleged noncompliant activity.

We believe that we are currently in material compliance with all such applicable laws.

We are also subject to environmental laws and regulations, including restrictions on the use of certain materials in our products. We have not and do not expect to incur any significant expenses to comply with any regulations governing the discharge of hazardous materials or other environment protection measures.

### ***Competition***

The retail apparel industry is highly competitive. We compete with numerous designers and manufacturers of apparel and accessories, domestic and international, including Rag & Bone, Alexander Wang, and Acne Jeans. Some of our competitors may be significantly larger, have substantially greater resources and may be able to adapt to changes in consumer preferences or retail requirements more quickly, devote greater resources to the building and sustaining of their brand identity and the marketing and sale of their products, or adopt more aggressive pricing policies than we can. As a result, we may not be able to compete as effectively and may not be able to maintain or grow the demand for our brand.

Our competitive strength will depend on our ability to:

- anticipate and respond to changing consumer demands in a timely manner;
- maintain and increase favorable brand recognition;
- develop and produce high quality products that appeal to consumers;
- appropriately price our products;
- maintain the high quality of our products;
- ensure product availability;
- expand our product portfolio;
- add members to our team who possess the skills, know-how and desire to help us succeed;
- maintain an active role in the fashion industry;
- effectively market our products and brand name;
- effectively present our products at retail; and
- maintain and build relationships with key industry leaders.

Although we operate in a highly competitive market, we seek to distinguish Lot78 products by emphasizing superior quality, durability and craftsmanship. We believe that we have a competitive advantage in comparison to our competitors in the quality of our fabrics and craftsmanship, the unique style of Lot78, the superiority of our fits, and our price points.

### *Employees*

As of the date of this prospectus, we employed a total of six full time employees. Our employees perform overlapping roles and have responsibilities for different segments of our business.

### **LEGAL PROCEEDINGS**

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

### **MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S**

### **COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

#### *Market Information*

Our common stock has been quoted on the OTC Bulletin Board since July 6, 2009 under the symbol "GOBA.OB." On October 11, 2012, our symbol was changed to "BOLD.OB" and on February 7, 2013, our symbol was again changed to "LOTE.OB" to reflect the Company's name change. Trading in stocks quoted on the OTC Bulletin Board is often thin and is characterized by wide fluctuations in trading prices due to many factors that may be unrelated to a company's operations or business prospects. We cannot assure you that there will be a market in the future for our common stock.

OTC Bulletin Board securities are not listed or traded on the floor of an organized national or regional stock exchange. Instead, OTC Bulletin Board securities transactions are conducted through a telephone and computer network connecting dealers in stocks. OTC Bulletin Board issuers are traditionally smaller companies that do not meet the financial and other listing requirements of a regional or national stock exchange.

The following table sets forth the high and low closing prices for our common stock per quarter ended, based on our September 30 fiscal year end, as quoted on the OTC Bulletin Board for the last two fiscal years, without retail mark-up, mark-down or commission and may not represent actual transactions:

| <b>FISCAL QUARTER ENDED</b> | <b>HIGH LOW</b> |             |
|-----------------------------|-----------------|-------------|
|                             | <b>(\$)</b>     | <b>(\$)</b> |
| <b>2013</b>                 |                 |             |
| December 31, 2013           | 0.135           | 0.04        |
| September 30, 2013          | 0.61            | 0.095       |
| June 30, 2013               | 6.25            | 0.295       |
| March 31, 2013              | 1.71            | 0.15        |
| <b>2012</b>                 |                 |             |
| December 31, 2012           | 0.15            | 0.15        |
| September 30, 2012          | 0.15            | 0.15        |
| June 30, 2012               | 0.55            | 0.13        |
| March 31, 2012              | 0.61            | 0.52        |
| <b>2011</b>                 |                 |             |
| December 31, 2011           | 0.56            | 0.31        |

### ***Warrants, Options and Other Rights to Acquire Shares***

There are no outstanding warrants or options to purchase our securities.

On August 30, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Banque Benedict Hentsch & Cie SA (“Banque Benedict”) for the principal sum of Three Hundred and Fifty Thousand Dollars (\$350,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Banque Benedict has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016. A true and correct copy of the Note was filed with the SEC on September 4, 2013, as part of our Current Report on Form 8-K.

On September 9, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Monument Assets & Resources Company Ltd (“Monument Assets”) for the principal sum of One Hundred Thousand Dollars (\$100,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Monument Assets has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016. A true and correct copy of the Note was filed with the SEC on September 11, 2013, as part of our Current Report on Form 8-K.

### ***Holdings***

As of January 24, 2014, 237,570,283 issued and outstanding shares of common stock were held by approximately 182 shareholders of record.

### ***Dividends***

We have not paid any cash dividends on our common stock since inception and presently anticipate that all earnings, if any, will be retained for development of our business and that no dividends on our common stock will be declared in the foreseeable future. Any future dividends will be subject to the discretion of our Board of Directors and will depend upon, among other things, future earnings, operating and financial condition, capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on our common stock will be paid in the future.

*Securities Authorized for Issuance Under Equity Compensation Plans*

None.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*This Registration Statement contains forward looking statements relating to our Company's future economic performance, plans and objectives of management for future operations, projections of revenue mix and other financial items that are based on the beliefs of, as well as assumptions made by and information currently known to, our management. The words "expects", "intends", "believes", "anticipates", "may", "could", "should" and similar expressions and variations thereof are intended to identify forward-looking statements. The cautionary statements set forth in this section are intended to emphasize that actual results may differ materially from those contained in any forward looking statement.*

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ TOGETHER WITH THE FINANCIAL STATEMENTS OF LOT78, INC. AND ANIO LTD. AND THE NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS REGISTRATION STATEMENT ON FORM S-1.

### **AS OF SEPTEMBER 30, 2013 (LOT78, INC. AND ANIO LTD.)**

#### ***Executive Summary***

As of September 30, 2013, we had \$274,312 of cash on hand. We incurred operating expenses in the amount of \$1,066,916 during the year ended September 30, 2013. These operating expenses were comprised of general and administrative expenses, professional fees, directors' and consulting fees, and other miscellaneous expenses.

Our current cash holdings will not satisfy our liquidity requirements and we will require additional financing to pursue our planned business activities. We are in the process of seeking equity and or debt financing to fund our operations over the next 12 months.

If we cannot generate sufficient revenues to continue operations, we will suspend or cease our operations.

We do not expect the purchase or sale of any significant equipment and our material commitments have been mentioned in Note 13.

Management believes that if subsequent private placements are successful, we will generate sales revenue within the following twelve months thereof. However, additional equity and or debt financing may not be available to us on acceptable terms or at all, and thus we could fail to satisfy our future cash requirements.

### ***Revenues***

We earned revenues of \$777,110 for the year ended September 30, 2013 compared to revenues of \$560,368 for the year ended September 30, 2012. The increase in revenues for the year ended September 30, 2013 can be attributed to new stores buying our collection for the FW13 season. Bloomingdales, East Dane (Mens division of Shop Bop), The Tannery, and Blue One were some of the stores which bought our collection in the current period. Furthermore, our existing stores of Net a Porter, Shop Bop and Mr Porter also increased their orders with us in 2013 compared to 2012.

### ***Cost of Goods Sold***

Cost of goods sold for the year ended September 30, 2013 were \$588,230 compared to \$349,791 for the year ended September 30, 2012. Cost of goods sold represented 76% of sales for the year ended September 30, 2013 as compared to 63% for the year ended September 30, 2012. This increase in cost of goods sold as a percentage of sales for the year can be attributed to the higher revenues achieved in this quarter. For the year ended September 30, 2013 the increase can be attributed to write offs of obsolete inventory and sales of overstock inventory at discounted prices during the quarter ended December 31, 2012. During the same quarter, the Company sold many of the goods from prior seasons to a discount retailer for cost value or minimal margins. In addition, we held a pre-Christmas 2012 discount sale, where prior season merchandise was sold at depressed margins which had an impact on the value of cost of goods sold going up during the year. There were no write offs for stock or discounted sales for in the year 2012.



**Expenses**

For the year ended September 30, 2013 total expenses increased \$737,752, or 224%, to \$1,066,916. This increase can be attributed to increased professional fees related to the share exchange agreement, larger sample costs due to an increasing expansive collection, increased travel costs for Spring/Summer 2013 and Autumn/Winter 2013 sales, the cost of appointing a CEO and CFO during the year. We have also incurred one off costs relating to professional fees and consultancy services pursuant to the share exchange agreement and raising debt finance in the region of \$185,000.

**Working Capital**

|                     | At            | At             |              |
|---------------------|---------------|----------------|--------------|
|                     | September 30, | September 30,  | Difference   |
|                     | 2013          | 2012           |              |
| Current Assets      | \$ 531,929    | \$ 222,164     | \$ (309,765) |
| Current Liabilities | \$ 1,358,481  | \$ 1,314,957   | \$ 43,524    |
| Working Capital     | \$ (826,552)  | \$ (1,092,793) | \$ (266,241) |

**Cash Flows**

|   | Year Ended    | Year Ended    |
|---|---------------|---------------|
|   | September 30, | September 30, |
|   | 2013          | 2012          |
| Net Cash (Used) Provided by Operating Activities  | \$ (932,730)  | \$ 366,179    |
| Net Cash (Used) Provided by Investing Activities  | \$ 2,050      | \$ (1,206)    |
| Net Cash (Used) Provided by Financing Activities  | \$ 1,142,049  | \$ (365,298)  |
| Net Effect of Foreign Currency Translation        | \$ 62,943     | \$ 3          |
| Net (Decrease) Increase in Cash During the Period | \$ 274,312    | \$ (322)      |

For the year ended September 30, 2013, net cash used in operating activities was \$932,730 as a result of changes in our working capital and a year end net loss of \$899,935.

For the year ended September 30, 2013, net cash provided by financing activities was \$1,142,049 as a result of proceeds from debt of \$830,142 along with proceeds from the sale of common stock for \$825,000. We repaid \$282,192 of debt and our bank overdraft decreased by \$230,901.

We will require additional funds to fund our budgeted expenses in the future. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our

shares. For the year ended September 30, 2013 we have managed to raise \$1,655,142 through debt and equity financing. There is no assurance that we will be able to maintain operations at a level sufficient for an investor to obtain a return on their investment in our common stock. Furthermore, we may continue to be unprofitable. We will need to raise additional funds in the future in order to proceed with our budgeted expenses. Additionally, there is no assurance that any party will advance additional funds to us in order to enable us to sustain our plan of operations or to repay our liabilities.

### *Liquidity and Capital Resources*

Growth of our operations will be based on our ability to internally finance from operating cash flows, and the ability to raise funds through equity and/or debt financing to increase sales and production. Our primary sources of liquidity are: (i) cash from sales of our products; and (ii) financing activities. Our cash balance as of September 30, 2013 is \$274,312.

Our Company has funded some of its operations through debt financing with related party transactions.

As of September 30, 2013, our Company is obligated to David Hardcastle, a shareholder, for a non-interest loan with a balance of \$636,533.

**ADDITIONAL DISCUSSION & ANALYSIS**

**Inflation**

The amounts presented in the financial statements do not provide for the effect of inflation on our operations or financial position. The net operating losses shown would be greater than reported if the effects of inflation were reflected either by charging operations with amounts that represent replacement costs or by using other inflation adjustments.

***Going Concern***

For the year ended September 30, 2013, our Company has a comprehensive loss of \$834,115 and an accumulated deficit of \$2,271,672. Our Company intends to fund operations through operational cash flow and equity/debt financing arrangements. These sources may be insufficient to fund its capital expenditures, working capital and other cash requirements for the future. In response to these problems, management intends to raise additional funds through public or private placement offerings. These factors, among others, raise substantial doubt about our Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Cash Requirements***

We anticipate that our current cash and cash equivalents, anticipated cash flow from operations and the proceeds from the sale of the maximum amount of shares being offered hereunder will be sufficient to meet our anticipated cash needs for the next 18-24 months. If we are able to sell only 50%, 25% or 10% of our offered shares, we anticipate that we will only be able to meet our anticipated cash needs for the next 12-18, 6-9 months, or 0-3 months, respectively.

We estimate that our maximum amount of expenses over the next 10-12 months will be approximately \$1,000,000 as described in the table below. These estimates may change significantly depending on the nature of our future business activities and our ability to raise additional capital from shareholders or other sources. Some of these estimates will be paid for out of the proceeds of this offering, assuming we are successful in raising any such proceeds.

| <b>Description</b>        | <b>Target completion Estimated</b> |                         |
|---------------------------|------------------------------------|-------------------------|
|                           | <b>date or period</b>              | <b>maximum expenses</b> |
| Legal and accounting fees | 10-12 months                       | \$60,000                |

|                            |                     |                    |
|----------------------------|---------------------|--------------------|
| Marketing and advertising  | 10-12 months        | \$145,000          |
| Business Development       | 10-12 months        | \$130,000          |
| General and administrative | 10-12 months        | \$665,000          |
| <b>TOTAL</b>               | <b>10-12 months</b> | <b>\$1,000,000</b> |

The foregoing chart sets forth estimates of the Company's total maximum operational expenses for the initial 12 month period following effectiveness of this offering. The amounts are not limited to proceeds received under this offering, if any, and therefore in order to reach our targets, we will need additional funds in the form of financing or revenues.

Furthermore, the Company will need to set aside a maximum of approximately \$83,000 in order to repay unsecured loans payable to Iceberg Investment Management Group Limited ("Iceberg").

### *Off-Balance Sheet Arrangements*

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

### ***Recently Issued Accounting Pronouncements***

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### ***Critical Accounting Policies***

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare for financial statements. A complete summary of these policies is included in the notes to our financial statements. In general management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

### ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

On November 19, 2012, De Joya Griffith & Company, LLC ("De Joya Griffith"), was dismissed as the registered independent public accountant for the Company and MaloneBailey LLP ("MaloneBailey") accepted the appointment as the registered independent public accountant for the Company. The decisions to appoint MaloneBailey and dismiss De Joya Griffith were approved by the Board of Directors of the Company on November 9, 2012.

Other than the disclosure of uncertainty regarding the ability for us to continue as a going concern which was included in our accountant's report on the financial statements for the years ended July 31, 2011 and 2010, De Joya Griffith reports on the financial statements of the Company for the years ended July 31, 2011 and 2010 did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. For the two most recent fiscal years and any subsequent interim period through De Joya Griffith's termination on November 19, 2012, De Joya Griffith disclosed the uncertainty regarding the ability of the Company to continue as a going concern in its accountant's report on the financial statements.

In connection with the audit and review of the financial statements of the Company through November 19, 2012, there were no disagreements on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with De Joya Griffith's opinion to the subject matter of the disagreement.

In connection with the audited financial statements of the Company for the years ended July 31, 2011 and 2010, there have been no reportable events with the Company as set forth in Item 304(a)(1)(v) of Regulation S-K.

Prior to November 19, 2012, the Company did not consult with MaloneBailey regarding (1) the application of accounting principles to specified transactions, (2) the type of audit opinion that might be rendered on the Company's financial statements, (3) written or oral advice was provided that would be an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issues, or (4) any matter that was the subject of a disagreement between the Company and its predecessor auditor as described in Item 304(a)(1)(iv) or a reportable event as described in Item 304(a)(1)(v) of Regulation S-K.

The Company provided a copy of the foregoing disclosures to De Joya Griffith prior to the date of filing a Current Report with the Commission on Form 8-K on November 19, 2012 (the "Current Report") and requested that De Joya Griffith furnish it with a letter addressed to the Securities & Exchange Commission stating whether or not it agreed with the statements in the Current Report. A copy of the letter furnished in response to that request was filed as Exhibit 16.1 to the Current Report.

## **DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS**

### *Identification of Directors and Executive Officers*

The following table sets forth the names and ages of our current directors and executive officers. Each director of the Company serves for a term of one year and until his successor is elected and qualified at the next Annual Shareholders' Meeting, or until his death, resignation or removal. Each officer of the Company serves for a term of one year and until his successor is elected and qualified at a meeting of the Board of Directors, or until his death, resignation or removal.

| <b>Name</b>            | <b>Age</b> | <b>Position</b>                                   | <b>Date Appointed</b> |
|------------------------|------------|---|-----------------------|
| Oliver Amhurst         | 41         | President, CEO, Treasurer, Secretary and Director | Feb. 4, 2013          |
| Asgherali Gulamhussein | 38         | Director  | Jul. 27, 2013         |
|                        |            | CFO   | Aug. 9, 2013          |

### *Identification of Certain Significant Employees*

We currently employ a total of six full time employees. Our employees perform overlapping roles and have responsibilities for different segments of our business.

### *Family Relationships*

We currently do not have any officers or directors of our Company who are related to each other.

### *Business Experience*

The biographies of our directors and officers are as follows:

**OLIVER AMHURST.** Mr. Amhurst has been in the fashion business for over 15 years and has spent the past six years building the Lot78 brand into a full ready-to-wear collection. Mr. Amhurst has been a full-time employee of Lot78 for the past five years. Mr. Amhurst started his career in the stock room at the Emporio Armani store in London, but rose through ranks of the company to end up running the wholesale division of all Armani products in the UK. He has extensive contacts with some of the world's leading buyers in the fashion industry, who have all supported him throughout the growth of the Lot78 brand. Mr. Amhurst has not been a director for any other company during the past five years. Mr. Amhurst was appointed as an officer and director of the Company due to his years of experience in the fashion industry and his success in building the Lot78 brand, as well as his unique sense of style in contemporary fashion inspired by his London-based roots.

**ASGHERALI GULAMHUSSEIN.** Mr. Gulamhussein has a strong background in finance and accounting having qualified as a Chartered Certified Accountant (ACCA) with KPMG in 1998 and admitted as a Fellow of the Association in 2003 (FCCA). From 1998 to 2001, Mr. Gulamhussein was in Audit & Accountancy with Alliotts and Andersons Moledina. In August 2001, Mr. Gulamhussein formed Oxford Care Homes Ltd., a care home company with an interest in giving care to the elderly in the United Kingdom. He was appointed as a Director of Oxford Care Homes Ltd. and still currently holds this post. In June 2005, Mr. Gulamhussein helped set up Anio Ltd (now Lot78 UK Ltd) and provided bookkeeping and accounting services to the company. He was instrumental in providing the financial information to the Directors and Shareholders on an annual basis and guided the company through the Share Exchange Agreement with Anio Ltd. during 2012 and 2013. The Board of Directors of the Company appointed Mr. Gulamhussein as a Director of the Company based on the belief that his financial and accounting knowledge, together with knowledge of the Company and business, having being involved with it from the inception stage, would be a valuable asset to the Company.



***Involvement in Certain Legal Proceedings***

During the past ten years no director, executive officer, promoter or control person of the Company has been involved in the following:

(1) A petition under the Federal bankruptcy laws or any state insolvency law which was 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;

(2) Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Such person was 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;

ii. Engaging in any type of business practice; or

iii. 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;

(4) Such person was 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 (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

(5) Such person was 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;

(6) Such person was 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;

(7) Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

i. Any Federal or State securities or commodities law or regulation; or

Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a  
ii. temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(8) Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## **EXECUTIVE COMPENSATION**

### *Compensation of Executive Officers*

Effective May 14, 2013, the Company changed its fiscal year end from July 31 to September 30. The following table sets forth the compensation paid to the Company's executive officers during the years ended September 30, 2013 and 2012.

#### **SUMMARY COMPENSATION TABLE**

| <b>Name and Principal Position</b>                                 | <b>Year End</b> | <b>Salary</b> | <b>Bonus</b> | <b>Stock Awards</b> | <b>Option Awards</b> | <b>Non-Equity Incentive Plan Compensation</b> | <b>Nonqualified Deferred Compensation Earnings</b> | <b>All Other Compensation</b> | <b>Total</b> |
|--|-----------------|---------------|--------------|---------------------|----------------------|---|--|-------------------------------|--------------|
|  | <sup>(1)</sup>  | (\$)          | (\$)         | (\$)                | (\$)                 | (\$)  | (\$)   | (\$)                          | (\$)         |
| <b>Eden Clark</b> <sup>(2)</sup>                                   | 2012            | 6,000         | 0            | 1,950,000           | 0                    | 0   | 0  | 0                             | 1,956,000    |
| Former President,  |                 |               |              |                     |                      |   |  |                               |              |
| CEO, CFO,<br>Treasurer and<br>Director                             | 2013            | 0             | 0            | 0                   | 0                    | 0   | 0  | 0                             | 0            |
| <b>Patrick DeBlois</b> <sup>(3)</sup>                              | 2012            | 0             | 0            | 1,950,000           | 0                    | 0   | 0  | 0                             | 1,950,000    |
| Former Secretary   | 2013            | 0             | 0            | 0                   | 0                    | 0   | 0  | 0                             | 0            |
| <b>Oliver Amhurst</b> <sup>(4)</sup>                               | 2012            | 17,979        | 0            | 0                   | 0                    | 0   | 0  | 0                             | 17,979       |
| Current President,<br>CEO, Treasurer,<br>Secretary and<br>Director | 2013            | 69,355        | 0            | 0                   | 0                    | 0   | 0  | 0                             | 69,355       |
| <b>Asgherali Gulamhussein</b> <sup>(5)</sup>                       | 2012            | 0             | 0            | 0                   | 0                    | 0   | 0  | 0                             | 0            |

|                          |      |        |   |        |   |   |   |   |        |
|--------------------------|------|--------|---|--------|---|---|---|---|--------|
| Current CFO and Director | 2013 | 20,817 | 0 | 54,000 | 0 | 0 | 0 | 0 | 74,817 |
|--------------------------|------|--------|---|--------|---|---|---|---|--------|

(1) Effective May 14, 2013, the Company changed its fiscal year end from July 31 to September 30. The compensation presented above for the year 2012 covers the yearly period from October 1, 2011 to September 30, 2012. The compensation presented above for the year 2013 covers the yearly period from October 1, 2012 to September 30, 2013.

(2) Ms. Eden Clark, the former President, CEO, CFO, Treasurer and Director of the Company was paid \$500 per month for her services as an officer and director of the Company. The Company believes that \$500 per month is adequate compensation for such services. During the year ended September 30, 2012, the Company issued 15,000,000 shares to Ms. Eden Clark at \$0.13 per share. The shares were valued based on their market price on the date of issuance and were issued to Ms. Clark as additional compensation for her services as an officer and director of the Company. Ms Eden Clark resigned from her post on February 4<sup>th</sup> 2013 and these shares cancelled pursuant to the share exchange agreement of the same date.

(3) During the year ended September 30, 2012, the Company issued 15,000,000 shares to Patrick DeBlois, the Company's former Secretary, at \$0.13 per share. The shares were valued based on their market price on the date of issuance and were issued to Mr. DeBlois as compensation for his services as an officer of the Company. Mr Patrick DeBlois resigned from his post on February 4<sup>th</sup> 2013 and these shares cancelled pursuant to the share exchange agreement of the same date.

(4) Mr. Ollie Amhurst was appointed as President, CEO, Treasurer, Secretary and Director of the Company on February 4<sup>th</sup> 2013. During the years ended September 30, 2013 and 2012, he received salaries of \$69,355 and \$17,979, respectively, for his services as a Director of Lot78 UK Limited.

(5) Mr. Asgherali Gulamhussein was appointed as a Director of our Company on July 27<sup>th</sup> 2013 and became our CFO on August 9<sup>th</sup> 2013. As part of accepting the Directorship role, the Company issued 150,000 shares to Mr. Gulamhussein , at \$0.36 per share. The shares were valued based on their market price on the date of issuance. During the years ended September 30, 2013 and 2012, he received salaries of \$20,817 and \$0, respectively, for his services as CFO of the Company.

#### ***Narrative Disclosure to Summary Compensation Table***

There are no employment contracts, compensatory plans or arrangements, including payments to be received from the Company with respect to any executive officer, that would result in payments to such person because of his or her resignation, retirement or other termination of employment with the Company, or its subsidiaries, any change in control, or a change in the person's responsibilities following a change in control of the Company.

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

There are no current outstanding equity awards to our executive officers as of September 30 , 2013 .

#### ***Long-Term Incentive Plans***

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers.

### ***Committees***

We do not currently have an audit, compensation or nominating committee. The Board of Directors as a whole currently acts as our audit, compensation and nominating committees. We intend to establish an audit, compensation and nominating committee of our Board of Directors once we expand the Board to include one or more independent directors and intend to adopt a charter for each committee.

Our audit committee shall be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls. Our compensation committee shall assist the Board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers and periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements. Our nominating committee shall assist the Board in selecting individuals qualified to become our directors and in determining the composition of the Board and its committees.

### ***Compensation of Directors***

The compensation paid to our Directors for their services on the Board of Directors of the Company is set forth above in the Summary Compensation Table.

### ***Significant Employees /Consultants***

As of the date of this Prospectus, we employed a total of six full time employees. Our employees perform overlapping roles and have responsibilities for different segments of our business.

***Security Holders Recommendations to Board of Directors***

Shareholders can direct communications to our Chief Executive Officer, Oliver Amhurst, at our executive offices. However, while we appreciate all comments from shareholders, we may not be able to individually respond to all communications. We attempt to address shareholder questions and concerns in our press releases and documents filed with the SEC so that all shareholders have access to information about us at the same time. Mr. Amhurst collects and evaluates all shareholder communications. All communications addressed to our directors and executive officers will be reviewed by those parties unless the communication is clearly frivolous.

***Code of Ethics***

The Company has adopted an informal Code of Ethics that applies to our officers and directors, which we feel is sufficient at this time.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL**

**OWNERS AND MANAGEMENT**

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of the date of this Registration Statement by: (i) each of our directors; (ii) each of our executive officers; and (iii) each person or group known by us to beneficially own more than 5% of our issued and outstanding shares of common stock. Unless otherwise indicated, the shareholders listed below possess sole voting and investment power with respect to the shares they own.

As of the date of this Registration Statement, there are 237,570,283 common shares issued and outstanding, 0 shares issuable upon the exercise of stock purchase options within 60 days, and 0 shares issuable upon the exercise of stock purchase warrants within 60 days.

| Name and Address of Beneficial Owner | Title of Class | Amount & Nature of   |                  |
|--------------------------------------|----------------|----------------------|------------------|
|                                      |                | Beneficial Ownership | Percent of Class |
|                                      |                | (1)                  | (%)(2)           |
| Oliver Amhurst (3)                   | Common         | 72,321,928           | 30.442%          |

65 Alfred Road

Studio 209

London W2 5EU

Asgherali Gulamhussein (4)

65 Alfred Road

Common 150,000 0.063%

Studio 209

London W2 5EU

**All Officers and Directors as a Group (2) Common 72,471,928 30.505%**

David Hardcastle

2 Holmead Road

Common 39,856,128 16.776%

London SW6 2JE

XZX Holdings Ltd Trust (5)

Company Complex

Common 23,417,600 9.857%

Ajeltake Road

Ajeltake Island 96960

Ironclad Investment Ltd Trust (6)

Company Complex

Common 13,174,964 5.545%

Ajeltake Road

Ajeltake Island 96960

(1) The number and percentage of shares beneficially owned is determined under rules promulgated by the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The persons



named in the table have sole voting and investment power with respect to all shares of common stock shown that are beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to this table.

(2) Based on 237,570,283 common shares issued and outstanding, 0 shares issuable upon the exercise of stock purchase options within 60 days, and 0 shares issuable upon the exercise of stock purchase warrants within 60 days, as of the date of this Report.

(3) Oliver Amhurst is the current President, CEO, Treasurer, Secretary and Chairman of the Board of Directors of the Company. His beneficial ownership includes 72,321,928 common shares.

(4) Asgherali Gulamhussein is the current CFO and a Director of the Company. His beneficial ownership includes 150,000 common shares.

(5) XZX Holdings Ltd Trust's beneficial ownership includes 23,417,600 common shares. The shares were purchased on the open market, accordingly, the Company is unaware as to who holds investment and voting control over the common shares beneficially owned by XZX Holdings Ltd Trust.

(6) Ironclad Investment Ltd Trust's beneficial ownership includes 13,174,964 common shares. The shares were purchased on the open market, accordingly, the Company is unaware as to who holds investment and voting control over the common shares beneficially owned by Ironclad Investment Ltd Trust.

### *Changes in Control*

There are no present arrangements or pledges of the Company's securities which may result in a change in control of the Company.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

As of September 30, 2013, the Company owed an officer \$26,850 for accounting and consultancy fees.

As of September 30, 2013, the Company owed a related party \$32,272 for loans made to the Company.

As of September 30, 2013, the Company owed a shareholder of the Company owning greater than 10% of the Company's outstanding shares of its common stock, \$636,533 for loans made to the Company.

Other than the foregoing, none of the directors or executive officers of the Company, nor any person who owned of record or was known to own beneficially more than 5% of the Company's outstanding shares of its common stock, nor any associate or affiliate of such persons or companies, has any material interest, direct or indirect, in any transaction that has occurred during the past fiscal year, or in any proposed transaction, which has materially affected or will affect the Company.

With regard to any future related party transaction, we plan to fully disclose any and all related party transactions in the following manner:

Disclosing such transactions in reports where required;

Disclosing in any and all filings with the SEC, where required;

Obtaining disinterested directors consent; and

Obtaining shareholder consent where required.

## **LEGAL MATTERS**

The validity of the shares sold by us under this prospectus will be passed upon for us by Zouvas Law Group, PC in San Diego, California.

## **EXPERTS**

Lubbock Fine, an independent registered public accountant, has audited the financial statements of Anio Ltd. included in this prospectus and registration statement to the extent and for the periods set forth in their audit report. Lubbock Fine has presented its report with respect to the audited financial statements of Anio Ltd.

On November 19, 2012, MaloneBailey LLP (“MaloneBailey”) was appointed as the independent registered public accountant for the Company.

## **COMMISSION POSITION ON**

## **INDEMNIFICATION FOR SECURITIES ACT LIABILITIES**

Our Articles of Incorporation provide that we shall indemnify our directors and officers to the fullest extent permitted by Nevada law and that none of our directors will be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director’s duty of loyalty to the Company or its stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- under Nevada General Corporation Law for the unlawful payment of dividends; or
- for any transaction from which the director derives an improper personal benefit.

These provisions require us to indemnify our directors and officers unless restricted by Nevada law and eliminate our rights and those of our stockholders to recover monetary damages from a director for breach of his fiduciary duty of care as a director except in the situations described above. The limitations summarized above, however, do not affect our ability or that of our stockholders to seek non-monetary remedies, such as an injunction or rescission, against a director for breach of his fiduciary duty.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### **WHERE YOU CAN FIND MORE INFORMATION**

This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits thereto. Statements contained in this prospectus as to the contents of any contract or other document that is filed as an exhibit to the registration statement are not necessarily complete and each such statement is qualified in all respects by reference to the full text of such contract or document. For further information with respect to us and the common stock, reference is hereby made to the registration statement and the exhibits thereto, which may be inspected and copied at the principal office of the SEC, 100 F Street NE, Washington, D.C. 20549, and copies of all or any part thereof may be obtained at prescribed rates from the Commission's Public Reference Section at such addresses. Also, the SEC maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports and other information regarding registrants that file electronically with the SEC. We also make available free of charge our annual, quarterly and current reports, and other information upon request. To request such materials, please contact Mr. Oliver Amhurst, our President and Chief Executive Officer.

**LOT78, INC.**

**September 30, 2013 and 2012**

|  |    |
|--|----|
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors

Lot78, Inc.

London, UK

We have audited the accompanying consolidated balance sheet of Lot78, Inc. and its subsidiary (collectively, “the Company”) as of September 30, 2013 and the related consolidated statements of operations, changes in stockholders’ equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with 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 misstatements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lot78, Inc. and its subsidiary as of September 30, 2013 and the results of their consolidated operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss for the year ended September 30, 2013 and has a working capital deficit as of September 30, 2013. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MALONEBAILEY, LLP

[www.malonebailey.com](http://www.malonebailey.com)

Houston, Texas

January 20, 2014 , except for note 14

which is dated January 24, 2014

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**Lot78, Inc.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors and Stockholders of Lot78, Inc.**

We have audited the accompanying balance sheet of Lot78, Inc. as at 30 September 2012, the related statement of operations, the statement of cash flows and notes for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**Opinion on financial statements**

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of Lot78, Inc. at 30 September 2012 and the results of its operations for the year ended 30 September 2012 in conformity with U.S. Generally Accepted Accounting Principles. Also, in our opinion, the related financial statement schedules when considered in relation to the basic financial statements taken as a whole present fairly in all material respects the information set forth therein.

**Emphasis of matter – going concern**

In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in Note 2 to the financial statements concerning the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to



these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

LUBBOCK FINE

*/s/ LUBBOCK FINE*

London

13 December 2012

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**LOT78, INC.****CONSOLIDATED BALANCE SHEETS**

|   | <b>September 30,<br/>2013</b> | <b>September 30,<br/>2012</b> |             |
|---|-------------------------------|-------------------------------|-------------|
| <b>ASSETS</b>   |                               |                               |             |
| Current assets:   |                               |                               |             |
| Cash and cash equivalents   | \$ 274,312                    | \$ -                          |             |
| Accounts receivable   | 132,422                       | 117,931                       |             |
| Prepaid expenses and other current assets   | 63,735                        | 47,601                        |             |
| Inventory, net  | 61,460                        | 56,632                        |             |
| Total current assets  | 531,929                       | 222,164                       |             |
| Property and equipment, net   | 3,614                         | 928                           |             |
| Patents, net  | 22,457                        | 26,427                        |             |
| Total assets  | \$ 558,000                    | \$ 249,519                    |             |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                               |                               |             |
| Current liabilities:  |                               |                               |             |
| Accounts payable and accrued liabilities  | \$ 280,535                    | \$ 384,585                    |             |
| Accounts payable – related party  | 26,850                        | -                             |             |
| Revolving credit facility   | -                             | 230,901                       |             |
| Debt due to third parties   | 137,156                       | -                             | 137,394     |
| Debt due to related parties   | 32,272                        | -                             |             |
| Derivative liabilities  | 434,464                       | -                             |             |
| Convertible debt due to shareholders  | 124,610                       | -                             |             |
| Due to shareholders   | 322,594                       | -                             | 562,077     |
| Total current liabilities   | 1,358,481                     | 1,314,957                     |             |
|   | 313,813                       |                               |             |
| Long term notes due to shareholders   |                               | 189,899                       |             |
| Convertible debt, net of discount of \$437,500 and \$0  | 12,500                        | -                             |             |
| Total long term liabilities   | 326,313                       | 189,899                       |             |
| Total liabilities   | \$ 1,684,794                  | \$ 1,504,856                  |             |
| Stockholders' deficit   |                               |                               |             |
| Preferred stock, \$0.001 par value per share, 10,000,000 shares authorized, none issued and outstanding                             | -                             | -                             |             |
| Common stock, \$0.001 par value per share, 350,000,000 shares authorized, 237,403,616 and 127,638,616 shares issued and outstanding |                               | 237,404                       | 127,638     |
| Additional paid-in capital  | 865,340                       | 12,448                        |             |
| Accumulated other comprehensive income (loss)   | 42,134                        | (23,686)                      |             |
| Accumulated deficit   | (2,271,672)                   |                               | (1,371,737) |
| Total stockholders' deficit   | (1,126,794)                   |                               | (1,255,337) |
| Total liabilities and stockholders' deficit   | \$ 558,000                    | \$                            | 249,519     |

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

**LOT78, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****AND OTHER COMPREHENSIVE LOSS**

|   | <b>Year Ended<br/>September 30,<br/>2013</b> | <b>Year Ended<br/>September 30,<br/>2012</b> |
|---|--|--|
| Revenue, net  |  | 560,368                                      |
| Cost of sales   | \$ 777,110                                   | \$ 349,791                                   |
| Gross Profit  | 588,230                                      | 210,577                                      |
| Expenses  |  |  |
| Selling, general and administrative expenses                | 1,061,941                                    | \$ 325,106                                   |
| Depreciation and amortization                               | \$ 4,975                                     | 4,058  |
| Total expenses  | 1,066,916                                    | 329,164                                      |
| Other income (expense)                                      |  |  |
| Interest expense  | (37,435)                                     | (6,908)                                      |
| Gain on derivative liabilities                              | 15,536                                       | -  |
| Total other income (expense)                                | (21,899)                                     | (6,908)                                      |
| Net loss  | (899,935)                                    | \$ (125,495)                                 |
|   | \$   |  |
| Foreign currency translation adjustments                    | 65,820                                       | (40,727)                                     |
| Comprehensive income (loss)                                 | (834,115)                                    | (166,222)                                    |
| Basic and diluted loss per share                            | \$ 0.00                                      | \$ 0.00                                      |
| Weighted average shares of common stock outstanding – basic | 197,442,890                                  | 127,638,616                                  |

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

## LOT78, INC.

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

|   | Number of<br>Common<br>Shares | Common<br>Stock   | Paid in<br>Capital | Accum-ulated<br>Deficit | Accumulated<br>Other<br>Comprehen-sive<br>Income/ (loss) | Total                 |
|---|-------------------------------|-------------------|--------------------|-------------------------|--|-----------------------|
| <b>Balance at September 30, 2011</b>    | <b>127,638,616</b>            | <b>\$ 127,639</b> | <b>\$ 12,447</b>   | <b>\$ (1,246,242)</b>   | <b>\$ 17,041</b>   | <b>\$ (1,089,115)</b> |
| Foreign Currency translation adjustment |                               |                   |                    |                         | (40,727)   | (40,727)              |
| Net loss                                | -                             | -                 | -                  | (125,495)               | -  | (125,495)             |
| <b>Balance at September 30, 2012</b>    | <b>127,638,616</b>            | <b>\$ 127,639</b> | <b>\$ 12,447</b>   | <b>\$ (1,371,737)</b>   | <b>\$ (23,686)</b>                                       | <b>\$ (1,255,337)</b> |
| Shares issued to acquire Bold Energy    | 228,212,552                   | 228,213           | (249,105)          | -                       | -  | (20,892)              |
| Common shares cancelled                 | (123,817,552)                 | (123,818)         | 123,818            | -                       | -  | -                     |
| Shares issued for cash                  | 4,980,000                     | 4,980             | 820,020            | -                       | -  | 825,000               |
| Shares issued for services              | 390,000                       | 390               | 158,160            | -                       | -  | 158,550               |
| Net loss                                | -                             | -                 | -                  | (899,935)               | -  | (899,935)             |
| Foreign currency translation adjustment | -                             | -                 | -                  | -                       | 65,820   | 65,820                |
| <b>Balance September 30, 2013</b>       | <b>237,403,616</b>            | <b>\$ 237,404</b> | <b>\$ 865,340</b>  | <b>\$ (2,271,672)</b>   | <b>\$ 42,134</b>   | <b>\$ (1,126,794)</b> |

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

**LOT78, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <b>Twelve months<br/>Ended<br/>September 30,<br/>2013</b> | <b>Twelve Months<br/>Ended<br/>September 30,<br/>2012</b> |
|---|---|---|
| Cash flows from operating activities  |   |   |
| Net loss  | \$ (899,935)  | \$ (125,495)  |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |   |   |
| Depreciation  | 1,178   | 301   |
| Amortization  | 3,797   | 3,758   |
| Gain on derivative liabilities  | (15,536)  | -   |
| Debt discount amortization  | 12,500  | -   |
| Stock based compensation  | 158,550   | -   |
| Gain on debt settlement   | (54,939)  | -   |
| Loss on disposal of fixed assets  | -   | 10,838  |
| Change in operating assets/liabilities:   |   |   |
| Accounts receivable   | (14,491)  | (39,544)  |
| Prepaid expenses and other current assets   | (16,134)  | (7,421)   |
| Inventory   | (4,828)   | 18,024  |
| Accounts payable and accrued expenses   | (102,892)   | 505,718   |
| Net cash provided by (used in) operating activities                                       | (932,730)   | 366,179   |
| Cash flows from investing activities  |   |   |
| Cash acquired in reverse merger   | 5,483   | -   |
| Purchase of property and equipment  | (3,433)   | (1,206)   |
| Net cash provided by (used) in investing activities                                       | 2,050   | (1,206)   |
| Cash flows from financing activities  |   |   |
| Cash proceeds from issuance of shares   | 825,000   | -   |
| Cash proceeds from convertible notes  | 450,000   | -   |
| Proceeds from issuance of debt  | -   | 531   |
| Repayment of debt   | -   | (365,829)   |
| Change in bank overdraft  | (230,901)   | -   |
| Proceeds from shareholder loans   | 380,142   | -   |
| Repayment of shareholder loans  | (282,192)   | -   |
| Net cash flows provided by financing activities:  | 1,142,049   | (365,298)   |

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|   |            |          |
|---|------------|----------|
| Effect of foreign currency on cash and cash equivalents | 62,943     | 3        |
|   | \$ 274,312 | \$ (322) |
| Net increase (decrease) in cash                         |            |          |
| Cash- beginning of period                               | -          | 322      |
| Cash- end of period                                     | \$ 274,312 | \$ -     |
| Cash paid for interest                                  | \$ 18,092  | \$ 6,114 |
| Cash paid for income taxes                              | \$ -       | \$ -     |
| Supplementary Non-Cash Information                      |            |          |
| Debt discount due to derivative liabilities             | 450,000    | -        |
| Net assets acquired from Bold Energy, Inc.              | 20,892     | -        |

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

**LOT78, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013**

**1. BASIS OF PRESENTATION & ORGANIZATION**

*Basis of presentation*

The accompanying consolidated financial statements include the accounts of Lot78, Inc. and its wholly owned subsidiary, Lot78 UK Ltd.

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America. Any reference herein to “Lot78”, the “Company”, “we”, “our” or “us” is intended to mean Lot78, Inc. including the subsidiaries indicated above, unless otherwise indicated.

*Description of Business & Reverse Merger*

We were incorporated as Bold Energy Inc. in the State of Nevada as a for-profit Company on June 27, 2008, to develop a wide range loyalty program based on “Global Club points” awarded for all purchases made in associated establishments. On November 10, 2009, a change in control occurred when Bold Energy, Inc. received a resignation notice from Orlando J. Narita from all of his positions with the Company, including President, CEO, Principal Executive Officer, Treasurer, CFO, Principal Accounting Officer, Secretary, and Director. On November 30, 2009, Bold Energy, Inc. appointed Eden Clark as its new President, CEO, Principal Executive Officer, Treasurer, CFO, Principal Accounting Officer, Secretary, Treasurer and as Director.

On February 4, 2013, Bold Energy, Inc. closed a voluntary share exchange transaction with Anio, Ltd., a limited liability company established under the laws of the United Kingdom, which conducts its primary line of business under the name “Lot78”, pursuant to a Share Exchange Agreement (the “Exchange Agreement”) by and among the Company and its controlling stockholders, on the one hand, and Anio Ltd. and the stockholders of Anio Ltd. (the “Selling Stockholders”), on the other hand.



At the closing of the transactions contemplated by the Exchange Agreement (the “Closing”), the Company issued 127,638,616 new shares of its common stock to the Selling Stockholders in exchange for 100% of the issued and outstanding capital stock of Anio Ltd. and Eden Clark and Patrick DeBlois irrevocably cancelled a total of 123,817,552 restricted shares of common stock of the Company. As a result of the Share Exchange Agreement, Anio Ltd. became the Company’s wholly-owned subsidiary, and the Company acquired the business and operations of Anio Ltd. The Company acquired the net assets of Bold Energy, Inc. of \$20,892 in the transaction, which consisted primarily of accounts payable.

Lot78, Inc. was deemed to be the accounting acquirer in this transaction and as a result this transaction was accounted for as a reverse merger. The historical financial statements presented in this filing are those of Lot78, Inc. The assets and liabilities of Bold Energy, Inc. were recorded, as of completion of the merger, at fair value, which is considered to approximate historical cost, and added to those of Lot78, Inc.

Pursuant to the closing of the Share Exchange Agreement, Eden Clark resigned as the President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer and sole member of the Board of Directors of the Company. Concurrently, Oliver Amhurst was appointed as the Company’s President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer and sole member of the Board of Directors. Subsequent to the Closing, Mr. Asgherali Gulamhussein was appointed as Chief Financial Officer and Director of the Company.

Our business is subject to seasonal fluctuations. Historically, sales of our products have been higher during the second and fourth quarters. As a result, our quarterly and annual operating results and comparable sales may fluctuate significantly as a result of seasonality. Accordingly, results for any one quarter or year are not necessarily indicative of results to be expected for any other quarter or for any year, and comparable sales for any particular future period may decrease.

## **2. GOING CONCERN**

The Company’s financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company has an accumulated deficit and a working capital deficit as of September

30, 2013 which raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company through debt and/or equity financing from third parties.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (United States Generally Accepted Accounting Practice).

#### **Principles of consolidation**

The consolidated financial statements include the accounts of Lot78, Inc. and its wholly-owned subsidiary for the years ended September 30, 2013 and 2012. All significant inter-company transactions and balances have been eliminated in consolidation.

#### **Nature of operations**

Our principal activity continued to be that of designing, marketing and distributing apparel under the brand name "Lot78".

#### **Operating segment information**

The Company predominantly operates in one industry segment, the fashion industry. Substantially all of the Company's assets and employees are in one location at the Company's headquarters in London, United Kingdom.

### **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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Fair value of financial instruments**

The carrying value of the Company's financial instruments (principally consisting of cash equivalents, accounts receivable, short-term investments and accounts payable) approximates fair value either because of the expected short-term collection or payment period or because the terms are similar to market terms.

### **Cash and cash equivalents**

Cash and cash equivalents include certain investments with original maturities of three months or less, such as money market accounts.

### **Restricted Cash**

Under the terms of the our Factoring agreement, the Company may obtain advances of up to 80 percent of eligible accounts receivable, subject to a 1.8 percent per fixed fee and a factors discount fee of 3.00% above the greater of LIBOR, the base rate quoted from time to time by Barclays Bank PLC (or its successors). The remainder of the twenty percent is held in a restricted cash reserve account, which is released to the Company upon payment of the receivable. As of September 30, 2013, the Company did not have significant amounts of restricted cash.

### **Accounts receivable**

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a

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charge to the valuation allowance and a credit to accounts receivable. As of 30 September 2013 and 2012, the allowance for doubtful accounts totals \$0 and \$0, respectively.

### **Inventories**

Inventories are valued at the lower of cost (determined by a first-in first-out method) and net realizable value and consist entirely of finished goods.

### **Long-lived assets**

The Company recognizes impairment losses 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 amount. In such circumstances, those assets are written down to estimated fair value. Long-lived assets consist primarily of fixed assets.

### **Intangible assets**

Patent costs are amortized over the shorter of the life of the patent (ten years) or the related product on a straight-line basis, and are tested for impairment on an annual basis. Patents are periodically reviewed by management to determine the recoverability of these assets.

### **Revenue recognition**

Goods are shipped to retailers in accordance with specific customer orders. The Company recognizes wholesale sales when the risks and rewards of ownership have transferred to the customer, determined by the Company to be when the goods have been dispatched, at which point the title to the merchandise passes to the customer. The Company recognizes retail sales upon customer receipt of merchandise, generally at the point of sale.

Returns from wholesale and retail customers are accounted for when the goods have been received by the company, and revenue reduction is recognized at this point. Trade discounts are recognized when the sale arises. Settlement

discounts are recognized once payment has been received.

The Company's sales are recorded net of applicable sales taxes, any returns discounts and other allowances.

### **Stock based compensation**

ASC 718, "Accounting for Stock-Based Compensation" established financial accounting and reporting standards for stock-based employee compensation plans. It defines a fair value based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for share based payments to employees in accordance with ASC 718 and share based payments to non-employees in accordance with ASC 505-50 "Accounting for Equity Instruments Issued to Non-Employees for Acquiring, or in Conjunction with Selling, Goods or Services".

### **Translation of foreign currencies**

Assets and liabilities of foreign operations are translated into U.S. dollars at fiscal year end exchange rates. Income and expense items are translated at average exchange rates prevailing during the year. Translation adjustments arising from differences in exchange rates from period to period are included as a separate component of stockholders' equity and are included in other comprehensive income (loss).

### **Basic Loss Per Share**

The computations of basic loss per share of common stock are based on the weighted average number of shares outstanding at the date of the financial statements. The Company computes net income (loss) per share in accordance with ASC 260. ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. The Company had no common stock equivalents outstanding as of September 30, 2013 and 2012.

## Major customers

During the year ended 30 September 2013, two customer represented 53% of gross sales. During the year ended 30 September 2012, one customer accounted for 59% of gross sales.

## Shipping and handling costs

The Company expenses shipping and handling to cost of goods sold and overhead accounts. For the years ended 30 September 2013 and 2012, freight expense to other than cost of goods sold was \$38,807 and \$26,415 respectively.

## Advertising

Advertising costs are incurred in selling and general administration expenses, and are expensed when the advertising or promotion is published or presented to customers.

## Derivatives

The valuation of our embedded derivatives are determined primarily by the Black Scholes model. An embedded derivative is a derivative instrument that is embedded within another contract. In the case of a convertible note payable (the host contract), any right to convert the note by the holder, certain default redemption right premiums and a change of control premium (payable in cash if a fundamental change occurs) are each embedded derivative instruments. In accordance with ASC 815 "*Accounting for Derivative Instruments and Hedging Activities*", as amended, these embedded derivatives are marked-to-market each reporting period, with a corresponding non-cash gain or loss charged to the current period. The practical effect of this has been that when our stock price increases so does our derivative liability and resulting in a non-cash loss charge that reduces our earnings and earnings per share. When our stock price declines, we record a non-cash gain, increasing our earnings and earnings per share.

To determine the fair value of our embedded derivatives, management evaluates assumptions regarding the probability of certain future events. Other factors used to determine fair value include our period end stock price, historical stock volatility, risk free interest rate and derivative term. The fair value recorded for the derivative liability varies from period to period. This variability may result in the actual derivative liability for a period either above or below the estimates recorded on our consolidated financial statements, resulting in significant fluctuations in other income (expense) because of the corresponding non-cash gain or loss recorded.

## Income Taxes

In accordance with ASC 740 “*Accounting for Income Taxes*”, the provision for income taxes is computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

## Recent Accounting Pronouncements

The Company does not expect any recent accounting pronouncements to have a material impact to its consolidated financial statements.

## 4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets for the years ended September 30, 2013 and 2012 were \$63,735 and \$47,601, respectively. Prepaid expenses and other current assets represent prepayments for samples and fabrics and amounts paid for goods and services yet to be received.

## 5. INTANGIBLE ASSET

|                                | At            | At            |
|--------------------------------|---------------|---------------|
|                                | September 30, | September 30, |
|                                | 2013          | 2012          |
| Patents                        | \$ 37,229     | \$ 37,229     |
| Less, accumulated amortization | (14,772)      | (10,802)      |
| Patents - Net                  | \$ 22,457     | \$ 26,427     |

Amortization expense for the year ended September 30, 2013 and 2012 were \$3,797 and \$3,758, respectively.



**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

|                                 | At            | At            |
|---------------------------------|---------------|---------------|
|                                 | September 30, | September 30, |
|                                 | 2013          | 2012          |
| Computers                       | \$ 4,639      | \$ 1,206      |
| Less, accumulated depreciations | (1,025)       | (278)         |
| Property and equipment, net     | \$ 3,614      | \$ 928        |

During the year ended September 30, 2013, the Company purchased computers worth \$3,433. Depreciation expense for the year ended September 30, 2013 and 2012 was \$1,178 and \$278, respectively.

**7. REVOLVING CREDIT FACILITY**

The Company had an overdraft facility of £125,000 with Adam & Co Bank in the United Kingdom. This facility was repaid on 15<sup>th</sup> July 2013 and was not renewed.

The Company also has a factoring facility with Bibby Trade Services Ltd (“Bibby”) of £100,000 renewable on an annual basis.

Subsequent to the year ended, this facility was increased to £600,000. As of September 30, 2013, amounts owed under this facility were nominal.

Under the terms of the our factoring facility, the Company may obtain advances of up to 80 percent of eligible accounts receivable, subject to a 1.8 percent per fixed fee and a factors discount fee of 3.00% above the greater of LIBOR, the base rate quoted from time to time by Barclays Bank PLC (or its successors). The remainder of the twenty percent is held in a restricted cash reserve account, which is released to the Company upon payment of the receivable. Bibby has full recourse under the agreement to return any receivables for which funds have been advanced. As a result, the Company does reduce its accounts receivable until Bibby has collected on the invoices that have been factored.

## 8. CONVERTIBLE DEBT, DERIVATIVE LIABILITIES & FAIR VALUE MEASUREMENTS

### Convertible Debt – IIMG

Loans from Iceberg Investment Management Group (“IIMG”) are unsecured and accrue interest at a rate of 2.5% per annum. During the twelve months ended September 30, 2013, the Company received \$312,260 from IIMG as short term loans, of which, \$54,939 have been forgiven and netted off against the balance due. The Company has also repaid \$156,130 of these loans during the year. If unpaid by the maturity date, all amounts loaned from IIMG are convertible into common stock of the Company at 80% of the Company’s volume weighted average price (“VWAP”) for the 5 previous days prior to execution of the promissory note.

### Convertible Debt – Embedded Derivatives

On August 30, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Banque Benedict Hentsch & Cie SA (“Banque Benedict”) for the principal sum of Three Hundred and Fifty Thousand Dollars (\$350,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Banque Benedict has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016.

On September 9, 2013, the Company entered into an Unsecured Senior Convertible Promissory Note (the “Note”) with Monument Assets & Resources Company Ltd (“Monument Assets”) for the principal sum of One Hundred Thousand Dollars (\$100,000) plus simple interest thereon at the rate of ten percent (10%) per annum. Monument Assets has the option at any time to convert the Note in whole into shares of the common stock of the Company at the conversion rate of \$0.125 per share. Unless the Note is earlier converted, the total principal and unpaid interest is due on September 1, 2016.

The above conversion notes contain a reset provision whereby the conversion price on the notes can be reduced based on future equity transactions of the Company. As a result, the conversion options were classified as derivative liabilities at their fair value on the date of issuance. The fair value of the derivative liabilities exceeded the principal amount of the notes, resulting in a full debt discount of \$450,000, \$12,500 of which was amortized to interest expense during the year ended September 30, 2013.

As defined in FASB ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilized the market data of similar entities in its industry or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as September 30, 2013.

| <b>Recurring Fair Value Measures</b>          | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| <b>LIABILITIES:</b>                           |                |                |                |              |
| Derivative liabilities net September 30, 2013 | \$ -           | \$ -           | \$ 434,464     | \$ 434,464   |

The following table summarizes the changes in the derivative liabilities during the year ended September 30, 2013:

|   |                   |
|---|-------------------|
| Additions due to new convertible debt and warrants issued | \$ 665,223        |
| Change in fair value                                      | 230,759           |
| <b>Ending balance as of September 30, 2013</b>            | <b>\$ 434,464</b> |

The gain on derivative liabilities of \$15,536 in the accompanying consolidated statement of operations consists of the change in fair value of \$230,759 noted above and a loss on derivative liabilities of \$215,223 which represents the amount by which the derivative liabilities exceeded the related principal amount of the notes on the date of issuance.

The Company uses the Black-Scholes option pricing model to value the derivative liability and subsequent re-measurements. Included in the model are the following assumptions: stock price at valuation date of \$0.1211, exercise price of \$0.125, dividend yield of zero, years to maturity of 2.92, risk free rate of 0.04 – 0.13 percent, and annualized volatility of 338.12 – 578.10 percent.

## 9. DEBT – THIRD PARTIES AND RELATED PARTIES

At September 30, 2013 and September 30, 2012 debt consists of the following:

|   | At            | At            |
|---|---------------|---------------|
|   | September 30, | September 30, |
|   | 2013          | 2012          |
| Loans - CI LLC  | \$ 137,156    | \$ 137,397    |
| Loans – Anthony Amhurst – Related Party                       | 32,272        | 32,272        |
| Loans – Ollie Amhurst - Officer                               | -             | 72,308        |
| Loan – IIMG   | -             | 24,246        |
| Loans – David Hardcastle – Shareholder (\$322,720 short-term) | 636,533       | 550,839       |
| Total Debt to shareholders and third parties                  | \$ 805,961    | \$ 817,062    |

The Short term loans from CI LLC (“CIL”) are unsecured and interest free.

IIMG loaned the Company 15,000 GBP during the year ended September 30, 2012. The amount was unsecured and due on November 15, 2012.

This amount was forgiven during the year ended September 30, 2013. See Note 8.

During the year ended September 30, 2012, the Company received \$32,272 as a short term loan from Anthony Amhurst, a related party on an unsecured interest free basis.

As of September 30, 2013, the Company has repaid loans to shareholders of \$72,308.

Long-term loans from David Hardcastle are unsecured and currently non-interest bearing. However, once the Company secures significant external financing, long term loans from shareholders begin accruing interest at bank rate plus 2% per annum and will be payable in quarterly installments over a 3 year period.

## **10. RELATED PARTY TRANSACTIONS**

As of September 30, 2013, the Company owed an officer \$26,850 for accounting and consultancy fees.

## **11. EQUITY**

During the year ended September 30, 2013, the Company issued:

- 4,980,000 shares of common stock for \$825,000 in cash
- 390,000 shares of common stock with a fair value of \$158,550 for services

On June 5, 2013, the Company effected a 4:1 forward stock split. All share and per share amounts have been adjusted retroactively to the first day of the first period presented in the accompanying consolidated financial statements.

**12. INCOME TAXES**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company recorded the valuation allowance due to the uncertainty of future realization of federal and state net operating loss carryforwards. The deferred income tax assets are comprised of the following at September 30:

**Cumulative Net Loss Carry Forward**

| Year of Origin | Lot78        | Total        |
|----------------|--------------|--------------|
| 2011           | \$ 1,246,241 | \$ 1,246,241 |
| 2012           | 125,495      | 125,495      |
| 2013           | 899,935      | 899,935      |
|                |              | \$ 2,271,671 |

**Income Tax provision**

| Tax provision             | 2013         | 2012         |
|---------------------------|--------------|--------------|
| Loss before income taxes  | \$ (899,935) | \$ (125,495) |
| Income tax recovery       | (179,987)    | (25,099)     |
| Valuation allowance       | 179,987      | 25,099       |
|                           | \$ -         | \$ -         |
| Net operating losses      | \$ 2,271,671 | \$ 1,371,736 |
| Corporate Tax Rate        | 20.0%        | 20.0%        |
| Total Deferred Tax Assets | 454,334      | 274,347      |
| Valuation Allowance       | (454,334)    | (274,347)    |
| Net deferred tax Assets   | \$ -         | \$ -         |

The Company's ability to utilize the net operating loss carryforwards in future years will be significantly limited in accordance with the provisions of Section 382 of the Internal Revenue Code, because of the changes in ownership that have occurred in the prior years. The Company's NOL may be further limited should there be any further changes in ownership. As defined in Section 382 of the Internal Revenue Code, the Company who has undergone, or may undergo in the future, a greater than fifty percent ownership change as a result of financing initiatives. Consequently, there may be limitations on the amount of the Company's NOLs which may be utilized to offset future taxable income in any one year .

### **13. COMMITMENTS AND CONTINGENCIES**

In November 2012, Anio Limited (now named Lot 78 UK Limited) entered into a Consulting and Services Agreement with Iceberg Investments Management Group Limited , a British Virgin Islands corporation. This document includes a provision that Lot78 UK Ltd would pay a success fee of USD\$770,000 on the closing of any financing in the amount exceeding \$3,000,000. The amount of the success fee purportedly payable reduces if the financing is less than \$3,000,000. For these purposes, Iceberg have confirmed that no success fee would be payable if the financing is less than \$1,450,000 and \$500,000 whether by equity or loan raised from or introduced by Banque Benedict Hentsch & CIE SA is excluded. If Iceberg is not successful in obtaining financing for the Company within 18 months of a potential merger or transaction there are provisions that Lot78 UK Ltd provide a convertible promissory note.

The Company is taking legal advice on this document, the enforceability of its provisions and reserves its position as to whether such fees will be payable under or pursuant to this document.

### **14. SUBSEQUENT EVENTS**

On 20<sup>th</sup> November 2013, the Company issued 166,667 shares to a service provider for past and ongoing services.

On 30<sup>th</sup> December 2013, the Company's fully owned subsidiary Lot78 UK Ltd increased it's trade and factoring facility with Bibby Trade Services Ltd from one hundred thousand pounds sterling (£100,000) to six hundred thousand pounds sterling (£600,000).

*End of Notes to the Financial Statements*







**PROSPECTUS**

**LOT78, INC.**

**65 Alfred Road**

**Studio 209**

**London W2 5EU**

**6,666,668 shares of common stock**

**DEALER PROSPECTUS DELIVERY OBLIGATION**

**Until \_\_\_\_\_, 2014, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

**\_\_\_\_\_, 2014**

[RESALE PROSPECTUS ALTERNATIVE PAGE]

**LOT78, INC.**

**65 Alfred Road**

**Studio 209**

**London W2 5EU**

**Tel. 00447801480109**

## **PRELIMINARY PROSPECTUS**

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

### **14,887,282 shares of common stock**

Our existing shareholders (the "Selling Shareholders") are offering for resale, 14,887,282 shares of common stock. The Selling Shareholders will sell the offered securities for a fixed price of \$0.15 for the duration of the primary offering and may use one or more of the following methods when selling shares: (i) at a fixed price of \$0.15 per share for the duration of the primary offering and thereafter at such prevailing market prices or privately negotiated prices on the OTCBB or other applicable exchange; (ii) privately negotiated transactions; (iii) to cover short sales after the date the registration statement of which this Prospectus forms a part is declared effective by the Securities and Exchange Commission; (iv) a combination of any such methods of sale; and (v) any other method permitted pursuant to applicable law.

Our common stock is currently quoted on the OTCBB under the symbol "LOTE.OB". On November 26, 2013, the closing price of our common stock was \$0.0699 per share.

**This prospectus covers the resale offering by the Selling Shareholders of 14,887,282 shares of common stock. The Company is concurrently conducting a primary offering for 6,666,668 shares, which is covered in a**

separate public offering prospectus.

**THE PURCHASE OF THE SECURITIES OFFERED THROUGH THIS PROSPECTUS INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY READ AND CONSIDER THE SECTION OF THIS PROSPECTUS ENTITLED “RISK FACTORS” ON PAGES 10 THROUGH 17 BEFORE BUYING ANY SHARES OF LOT78, INC. COMMON STOCK.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

*You should rely only on the information contained in this prospectus and in any prospectus supplement we may file after the date of this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our securities.*

[RESALE PROSPECTUS ALTERNATIVE PAGE]

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*You should rely only on the information contained or incorporated by reference to this prospectus in deciding whether to purchase our common stock. We have not authorized anyone to provide you with information different from that contained or incorporated by reference to this prospectus. Under no circumstances should the delivery to you of this prospectus or any sale made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus. To the extent that any facts or events arising after the date of this prospectus, individually or in the aggregate, represent a fundamental change in the information presented in this prospectus, this prospectus will be updated to the extent required by law.*

[RESALE PROSPECTUS ALTERNATIVE PAGE]

**SUMMARY OF THIS OFFERING**

Securities being offered           Up to 14,887,282 shares of common stock. Our Common Stock is described in further detail in the section of this prospectus titled “DESCRIPTION OF SECURITIES – Common Stock.”

Number of shares outstanding before the offering   237,570,283 shares of Common Stock issued and outstanding as of January 24, 2014.

Net Proceeds to the Company           We will not receive proceeds from the resale of shares by the selling shareholders.

Risk factors                           An investment in our common stock involves a high degree of risk. You should carefully consider the risk factors set forth under “Risk Factors” section hereunder and the other information contained in this prospectus before making an investment decision regarding our common stock.

[RESALE PROSPECTUS ALTERNATE PAGE]

**USE OF PROCEEDS**

We will not receive any of the proceeds from the sale of our common shares by the Selling Shareholders. The Selling Shareholders will receive all of the net proceeds from the sales of common shares offered by them under this prospectus.

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[RESALE PROSPECTUS ALTERNATE PAGE]

**SELLING SHAREHOLDERS**

The persons listed in the following table plan to offer the shares shown opposite their respective names by means of this prospectus. The owners of the shares to be sold by means of this prospectus are referred to as the "Selling Shareholders". The Selling Shareholders acquired their shares from us in private negotiated transactions. These shares will be sold at a fixed price of \$0.15 per share for the duration of the primary offering and thereafter at such prevailing market prices or privately negotiated prices on the OTCBB or other applicable exchange.

The following table sets forth the name of the Selling Shareholders, the number of shares of common stock beneficially owned by each of the Selling Shareholders as of January 24, 2014 and the number of shares of common stock being offered by the Selling Shareholders. The Selling Shareholders may offer all or part of the shares for resale from time to time, however, the Selling Shareholders are under no obligation to sell all or any portion of such shares nor are the Selling Shareholders obligated to sell any shares immediately upon effectiveness of this Prospectus.

| Name of Selling Shareholder <sup>(1)</sup> | Position, Office or Other Material Relationship | Before the Offering  |  | After the Offering  |  |
|--|---|--|--|---|--|
|  |   | Total Number of Shares of common stock Beneficially Owned Prior to the Offering <sup>(2)</sup> | Number of Shares to be Offered for the Account of the Selling Shareholder <sup>(3)</sup> | Number of Shares to be Owned after this Offering <sup>(4)</sup> | Percentage to be Beneficially Owned after this Offering <sup>(4) (5)</sup> |
| <b>Common Stock</b>                        |   |  |  |   |  |
| Oliver Amhurst                             | CEO, President, Secretary, Treasurer & Director | 72,321,928   | 3,985,613  | 68,336,315  | 28.78%   |
| Emma Davis                                 | None  | 5,895,048  | 589,505  | 5,305,543   | 2.23%  |
| David Hardcastle                           | None  | 39,856,128   | 3,985,613  | 35,870,515  | 15.13%   |
| Iceberg Investment Management              | None  | 9,565,512  | 956,551  | 8,608,961   | 3.63%  |
| Banque Benedict Hentsch & CIE SA           | None  | 2,390,000  | 2,390,000  | 0   | 0%   |
| Bhatia Investment Holdings Limited         | None  | 200,000  | 200,000  | 0   | 0%   |
| Charles Riachy                             | None  | 200,000  | 200,000  | 0   | 0%   |
| Vanessa Sinclair                           | None  | 340,000  | 340,000  | 0   | 0%   |



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|                           |                |           |           |   |    |
|---------------------------|----------------|-----------|-----------|---|----|
| Vincent Lam               | None           | 2,000,000 | 2,000,000 | 0 | 0% |
| Asgherali<br>Gulamhussein | CFO & Director | 150,000   | 150,000   | 0 | 0% |
| Cressida<br>Investments   | None           | 90,000    | 90,000    | 0 | 0% |

1. None of the Selling Shareholders are Broker/Dealers, or affiliates with or controlled by any Broker/Dealer.
2. Includes shares of common stock for which the Selling Shareholder has the right to acquire beneficial ownership within 60 days.
3. This table assumes that each Selling Shareholder will sell all shares offered for sale by it under this registration statement. Security holders are not required to sell their shares.
4. Assumes that all shares of Common Stock registered for resale by this prospectus have been sold.
5. Based on 237,570,283 shares of Common stock issued and outstanding as of January 24, 2014.

[RESALE PROSPECTUS ALTERNATE PAGE]

**PLAN OF DISTRIBUTION; TERMS OF THE OFFERING**

The Selling Shareholders may sell some or all of their shares at a fixed price of \$0.15 per share for the duration of the primary offering and thereafter at such prevailing market prices or privately negotiated prices on the OTCBB or other applicable exchange.

The Selling Shareholders may use any one or more of the following methods when disposing of shares or interests therein:

- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this Prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise; or
- a combination of any such methods of sale.

In connection with the sale of our ordinary shares or interests therein, the Selling Shareholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the ordinary shares in the course of hedging the positions they assume. The Selling Shareholders may also sell shares of our ordinary shares short and deliver these securities to close out their short positions, or loan or pledge the ordinary shares to broker-dealers that in turn may sell these securities. The Selling Shareholders may also enter into options or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities, which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the Selling Shareholders from the sale of the ordinary shares offered by them will be the purchase price of the ordinary shares less discounts or commissions, if any. Each of the Selling Shareholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of ordinary shares to be made directly or through agents. We will not receive any of the proceeds from this offering.

Broker-dealers engaged by the Selling Shareholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholders (or, if any broker-dealer acts as

agent for the purchase of shares, from the purchaser) in amounts to be negotiated. The Selling Shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved, and in no case will the maximum compensation received by any broker-dealer exceed eight percent (8%).

The Selling Shareholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

Any underwriters, agents, or broker-dealers, and any Selling Shareholders who are affiliates of broker-dealers, that participate in the sale of the ordinary shares or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling Shareholders who are “underwriters” within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. We know of no existing arrangements between any of the Selling Shareholders and any other shareholder, broker, dealer, underwriter, or agent relating to the sale or distribution of the shares, nor can we presently estimate the amount, if any, of such compensation. See “Selling Shareholders” for description of any material relationship that a shareholder has with us and the description of such relationship.

To the extent required, the shares of our ordinary shares to be sold, the names of the Selling Shareholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

We have agreed with the Selling Shareholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which the shares may be sold pursuant to Rule 144 of the Securities Act.

[RESALE PROSPECTUS ALTERNATE PAGE]

**PROSPECTUS**

**LOT78, INC.**

**65 Alfred Road**

**Studio 209**

**London W2 5EU**

**14,887,282 shares of common stock**

\_\_\_\_\_, 2014

**DEALER PROSPECTUS DELIVERY OBLIGATION**

**Until \_\_\_\_\_, 2014, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

## **PART II – INFORMATION NOT REQUIRED IN PROSPECTUS**

### **ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.**

The following table sets forth estimated expenses expected to be incurred in connection with the issuance and distribution of the securities being registered. All such expenses will be paid by us.

|   |              |
|---|--------------|
| Securities and Exchange Commission Registration Fee | \$416.42     |
| Audit Fees and Expenses                             | \$15,000.00  |
| Legal Fees and Expenses                             | \$40,000.00  |
| Transfer Agent and Registration Fees and Expenses   | \$500.00     |
| Miscellaneous Expenses                              | \$1,000.00   |
| Total   | \$56,920.00* |

\* Estimate Only

### **ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

The officers and directors of the Company are indemnified as provided by the Nevada Revised Statutes (“NRS”) and the Articles of Incorporation of the Company.

#### ***Articles of Incorporation***

Our Articles of Incorporation provide that officers and directors shall have no personal liability to the Company or its stockholders for damages for breach of fiduciary duty as an officer or director. However, that does not eliminate or limit the liability of an officer or director for acts or omissions which involve intentional misconduct, fraud, or a knowing violation of law or the payment of distributions in violation of the NRS 78.300.

#### ***Nevada Revised Statutes***

Pursuant to Section 78.7502(1) of the NRS, a corporation may indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he or she was an officer or director of the corporation, against expenses, including attorneys’ fees, judgments,

finances, and settlements actually and reasonably incurred by the officer or director in connection with the action, suit or proceeding if that officer or director is not liable pursuant to NRS 78.138 or acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, in the case of a criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent does not, of itself, create a presumption that the officer or director is liable pursuant to NRS 78.138 or did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or that, with respect to any criminal action or proceeding, the officer or director had reasonable cause to believe that his or her conduct was unlawful.

Pursuant to Section 78.7502(2) of the NRS, a corporation may indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she was an officer or director of the corporation, against expenses, including attorneys' fees and settlements actually and reasonably incurred by the officer or director in connection with the defense or settlement of the action or suit if that officer or director is not liable pursuant to NRS 78.138 or acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which an officer or director has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the officer or director is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

#### **ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.**

During the period from inception to the filing of this registration statement, the registrant has issued and/or sold the following securities in various transactions exempt from registration:

On July 22, 2008, the Company issued 4,750,000 shares (pre-split) of common stock to its sole officer and director at \$0.001

per share for total cash consideration of \$4,750. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On April 23, 2009, the Company issued 150,000 shares (pre-split) of common shares at \$0.04 per share for total cash consideration of \$6,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On April 6, 2010, the Company issued an aggregate of 5,000,000 shares (pre-split) of common stock to various stockholders at \$0.001 per share for total cash consideration of \$5,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On May 12, 2011, the Company issued an aggregate of 25,000,000 shares (pre-split) of common stock to various stockholders at \$0.31 per share. The shares were issued as repayment of \$25,000 of principal due to the stockholders and \$7,725,000 as finance cost. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On May 12, 2011, the Company issued 48,388 shares (pre-split) of common stock to Eden Clark, the former President, CEO and CFO of the Company, at \$0.31 per share as compensation for services rendered valued at \$15,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On April 27, 2012, Company issued 15,000,000 shares (pre-split) of common stock at \$0.13 per share to Eden Clark, the former President, CEO and CFO of the Company and 15,000,000 shares (pre-split) of common stock at \$0.13 per share to Patrick DeBlois, the former Secretary of the Company, for services rendered from February 1, 2012 to July 31, 2012. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On February 4, 2013, pursuant to that certain Share Exchange Agreement with Anio Limited, a limited liability company established under the laws of the United Kingdom, which conducts its primary line of business under the name Lot78, Inc. ("Lot78"), the shareholders of Lot78 (the "Lot78 Shareholders"), and the controlling stockholders of the Company (the "Bold Controlling Stockholders"), the Company issued 31,909,654 (pre-split) restricted shares of the Company's common stock to the Lot78 Shareholders in exchange for 11,510 shares of common stock of Lot78 from the Lot78 Shareholders. The shares issued to the Lot78 Shareholders were issued pursuant to Rule 903 of Regulation

S, as more specifically set forth below, on the basis that the investor was not a “U.S. person” as defined in Regulation S and was not acquiring the shares for the account or benefit of a U.S. person.

On May 16, 2013, the Company issued 560,000 shares (pre-split) of common stock at \$0.25 per share pursuant to a private placement subscription offering for a total purchase price of \$140,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On June 5, 2013, the Company issued 200,000 shares of common stock at \$0.25 per share pursuant to a private placement subscription offering for a total purchase price of \$50,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On June 7, 2013, the Company issued 200,000 shares of common stock at \$0.25 per share pursuant to a private placement subscription offering for a total purchase price of \$50,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On July 4, 2013, the Company issued 340,000 shares of common stock at \$0.25 per share pursuant to a private placement subscription offering for a total purchase price of \$85,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On July 9, 2013, the Company issued 90,000 shares of common stock to a shareholder for services rendered to the Company.

On July 10, 2013, the Company issued 2,000,000 shares of common stock at \$0.25 per share pursuant to a private placement



subscription offering for a total purchase price of \$500,000. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On July 29, 2013, the Company issued 150,000 shares of common stock to our Chief Financial Officer and Director, Asgherali Gulamhussein, for services rendered to the Company as Chief Financial Officer. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On July 31, 2013, the Company issued 150,000 shares of common stock to a shareholder for services rendered to the Company. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

On November 20, 2013, the Company issued 166,667 shares of common stock to a shareholder for services rendered to the Company. The shares were issued pursuant to an exemption from registration under Section 4(a)(2) of the Securities Act, as more specifically set forth below, on the basis that the shares were offered and sold in a non-public offering.

The Company did not use any underwriters with respect to the foregoing sales of its common stock. We did not, nor did any person acting on our behalf, offer or sell the securities by any form of general solicitation or general advertising.

Pursuant to certain applicable limitations on resale, we exercised reasonable care to assure that purchasers were not underwriters within the meaning of section 2(11) of the Act by inquiring of each and every purchaser the following: (1) that each purchaser was purchasing the securities for the purchaser's own account for investment purposes and not with a view towards distribution, and (2) that each purchaser had no arrangement or intention to sell the securities. Further, written disclosure was provided to each purchaser prior to the sale that the securities have not been registered under the Act and, therefore, cannot be resold unless the securities are registered under the Act or unless an exemption from registration is available.

All securities sold contained a restrictive legend on the share certificate stating that the securities have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale of the securities.

*Exemption From Registration. The shares of Common Stock referenced herein were issued in reliance upon one of the following exemptions:*

*(a) The shares of Common Stock referenced herein were issued in reliance upon the exemption from securities registration afforded by the provisions of Section 4(a)(2) of the Securities Act of 1933, as amended, ("Securities Act"), based upon the following: (a) each of the persons to whom the shares of Common Stock were issued (each such person, an "Investor") confirmed to the Company that it or he is a sophisticated investor and has such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities, (b) there was no public offering or general solicitation with respect to the offering of such shares, (c) each Investor was provided with certain disclosure materials and all other information requested with respect to the Company, (d) each Investor acknowledged that all securities being purchased were being purchased for investment intent and were "restricted securities" for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act and (e) a legend has been, or will be, placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.*

*(b) The shares of Common Stock referenced herein were issued pursuant to and in accordance with Rule 903 of Regulation S of the Act. No commissions were paid in connection with the completion of this offering, except as noted above. We completed the offering of the shares pursuant to Rule 903 of Regulation S of the Act on the basis that the sale of the shares was completed in an "offshore transaction", as defined in Rule 902(h) of Regulation S. We did not engage in any directed selling efforts, as defined in Regulation S, in the United States in connection with the sale of the shares. Each investor represented to us that the investor was not a "U.S. person", as defined in Regulation S, and was not acquiring the shares for the account or benefit of a U.S. person. The agreement executed between us and each investor included statements that the securities had not been registered pursuant to the Act and that the securities may not be offered or sold in the United States unless the securities are registered under the Act or pursuant to an exemption from the Act. Each investor agreed by execution of the agreement for the shares: (i) to resell the securities purchased only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an exemption from registration under the Act; (ii) that we are required to refuse to register any sale of the securities purchased unless the transfer is in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an exemption from registration under the Act; and (iii) not to engage in hedging transactions with regards to the securities purchased unless in compliance with the Act. All certificates representing the shares were or upon issuance will be endorsed with a restrictive legend confirming that the securities had been issued pursuant to Regulation S of the Act and could not be resold without registration under the Act or an applicable exemption from the registration requirements of the Act.*

*(c) The shares of common stock referenced herein were issued pursuant to and in accordance with Regulation D Rule 506 and Section 4(2) of the Securities Act. We made this determination in part based on the representations of Investors, which included, in pertinent part, that such Investors were an “accredited investor” as defined in Rule 501(a) under the Securities Act, and upon such further representations from the Investors that (a) the Investor is acquiring the securities for his, her or its own account for investment and not for the account of any other person and not with a view to or for distribution, assignment or resale in connection with any distribution within the meaning of the Securities Act, (b) the Investor agrees not to sell or otherwise transfer the purchased securities unless they are registered under the Securities Act and any applicable state securities laws, or an exemption or exemptions from such registration are available, (c) the Investor either alone or together with its representatives has knowledge and experience in financial and business matters such that he, she or it is capable of evaluating the merits and risks of an investment in us, and (d) the Investor has no need for the liquidity in its investment in us and could afford the complete loss of such investment. Our determination is made based further upon our action of (a) making written disclosure to each Investor prior to the closing of sale that the securities have not been registered under the Securities Act and therefore cannot be resold unless they are registered or unless an exemption from registration is available, (b) making written descriptions of the securities being offered, the use of the proceeds from the offering and any material changes in the Company’s affairs that are not disclosed in the documents furnished, and (c) placement of a legend on the certificate that evidences the securities stating that the securities have not been registered under the Securities Act and setting forth the restrictions on transferability and sale of the securities, and upon such inaction of the Company of any general solicitation or advertising for securities herein issued in reliance upon Regulation D Rule 506 and Section 4(2) of the Securities Act.*

## **ITEM 16. EXHIBITS.**

The following is a list of exhibits filed as part of this registration statement. Where so indicated by footnote, exhibits which were previously filed are incorporated herein by reference. Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

| <b>Exhibit Number</b> | <b>Description</b>  | <b>Filed</b>   |
|-----------------------|---|--|
| 2.1                   | Share Exchange Agreement by and among the Company, the controlling stockholders of the Company, Anio Limited and the shareholders of Anio Limited dated November 12, 2012 | Filed with the SEC on February 4, 2013 as part of our Current Report on Form 8-K.          |
| 3.1(a)                | Articles of Incorporation filed with the Nevada Secretary of State on June 27, 2008   | Filed with the SEC on September 9, 2008 as part of our Registration Statement on Form S-1. |
| 3.1(b)                | Certificate of Amendment to Articles of Incorporation filed with the Nevada Secretary of State on March 14, 2011  | Filed with the SEC on December 20, 2012 as part of our Quarterly Report on Form 10-Q.      |

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|--------|---|--|
| 3.1(c) | Certificate of Amendment to Articles of Incorporation filed with the Nevada Secretary of State on January 31, 2013                                | Filed with the SEC on February 4, 2013 as part of our Current Report on Form 8-K.          |
| 3.1(d) | Certificate of Amendment to Articles of Incorporation filed with the Nevada Secretary of State on May 22, 2013                                    | Filed with the SEC on November 29, 2013 as part of our Registration Statement on Form S-1. |
| 3.2    | Bylaws  | Filed with the SEC on September 9, 2008 as part of our Registration Statement on Form S-1. |
| 5.1    | Opinion of Zouvas Law Group, PC   | Filed herewith.  |
| 10.1   | Supply Terms and Conditions   | Filed with the SEC on July 19, 2013 as part of our Current Report on Form 8-K.             |
| 10.2   | Unsecured Senior Convertible Promissory Note, effective August 30, 2013, by and between Lot78, Inc. and Banque Benedict Hentsch & Cie SA.         | Filed with the SEC on September 4, 2013 as part of our Current Report on Form 8-K.         |
| 10.3   | Unsecured Senior Convertible Promissory Note, effective September 9, 2013, by and between Lot78, Inc. and Monument Assets & Resources Company Ltd | Filed with the SEC on September 11, 2013 as part of our Current Report on Form 8-K.        |
| 16.1   | Letter to the SEC from De Joya, Griffith & Company LLC dated November 19, 2012  | Filed with the SEC on November 19, 2012 as part of our Current Report on Form 8-K.         |
| 21.1   | List of Subsidiaries  | Filed with the SEC on November 29, 2013 as part of our Registration Statement on Form S-1. |
| 23.1   | Auditor Consent   | Filed herewith.  |
| 23.2   | Consent of Zouvas Law Group, PC (included in Exhibit 5.1)   | Filed herewith.  |

**ITEM 17. UNDERTAKINGS.**

(a) The undersigned Registrant hereby undertakes to:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which

ii. was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided however, That:

A. Paragraphs (a)(1)(i) and (a)(1)(ii) of this section do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement; and

B. Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, *provided* that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or Rule 3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

5. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

- i. If the registrant is relying on Rule 430B:

- A. Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.







**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, on the 24th day of January, 2014.

**LOT78, INC.**

/s/ Oliver Amhurst

By: Oliver Amhurst

Title: President and Chief Executive Officer

/s/ Asgherali Gulamhussein

By: Asgherali Gulamhussein

Title: Principal Financial and Accounting Officer

In accordance with the requirements of the Securities Act of 1933, this Registration Statement has been signed below by or on behalf of the following persons in the capacities and on the dates stated.

| <b>Signature</b>  | <b>Title</b> | <b>Date</b>      |
|---|--------------|------------------|
| <u>/s/ Oliver Amhurst</u><br>By: Oliver Amhurst                 | Director     | January 24, 2014 |
| <u>/s/ Asgherali Gulamhussein</u><br>By: Asgherali Gulamhussein | Director     | January 24, 2014 |

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