SECTOR 10 INC
Form 10-K
August 13, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended March 31, 2015

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

Commission File No. 000-24370

Sector 10, Inc.
(Name of small business issuer in its charter)

Delaware	33-0565710
State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

222 South Main Street, 5th Floor
Salt Lake City, UT 84101
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Include Area Code: (206) 853-4866

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities Registered Pursuant to Section 15(d) of the Act:

Common Stock, $0.001 par value
(Title of Class)

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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Issuer’s revenues for its most recent fiscal year were $0.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and ask prices of such stock, as of a specified date within the past 60 days:

As of August 11, 2015, the Registrant had 305,778 shares of Common Stock issued and outstanding with an average market value of $.05 per share for a total market value of $15,289.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the part of the form 10-K (e.g. part I, part II, etc.) Into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or other information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) under the Securities Act of 1933: None.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This periodic report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management. Statements in this periodic report that are not historical facts are hereby identified as “forward-looking statements”.

Business

Organization:
Sector 10, Inc., as currently registered with the State of Delaware was originally incorporated on June 11, 1992 under the name Plasmatronic Technologies, Inc. The initial authorized shares amounted to 20,000,000 common shares and 1,000,000 preferred shares. On May 28, 1998, the Corporation name was officially changed from Plasmatronic Technologies, Inc. to Ecological Services, Inc. On January 2, 2003, the Corporation name was changed from Ecological Services, Inc. to Stanford Capital Corporation. In addition, the authorized capital stock was increased from 20,000,000 common shares to 50,000,000 common shares. On March 16, 2004, the Corporation name was changed from Stanford Capital Corporation to Skreem Entertainment Corporation. On December 1, 2006, the Corporation name was changed from Skreem Entertainment Corporation to SKRM Interactive, Inc.

Sector 10, Services USA, Inc. was formed as a Nevada corporation on September 16, 2002 and was a majority owned subsidiary of Sector 10, Holdings, Inc. The Company had minimal activity in 2002 and has been inactive until immediately prior to the acquisition of SKRM Interactive. The Company was inactive for the full 12 months ended March 31, 2007.

Sector 10, Inc. (formerly known as SKRM Interactive, Inc.) was the acquiring company resulting from the combination of Sector 10 Services USA, Inc, a private company, and SKRM Interactive, a Delaware public company. Sector 10 Services acquired SKRM Interactive through a reverse merger transaction on November 20, 2007. The Company was formally named Sector 10, Inc. on April 15, 2008. The SKRM year end of March 31 was continued with the new entity.

Summary:

Sector 10 has developed and seeks to market pre-deployed emergency and disaster response equipment with the world’s first patented Stationary Response Units (SRU) and Mobile Response Units (MRU). Sector 10 has patents issued in the United States and patent applications pending with U.S. and international agencies. Sector 10’s initial SRU and MRU design has been developed, produced, nationally test marketed and sold.

Employees

As of March 31, 2015, the Company has 2 employees and no current payroll. A total of 2 persons (CEO and CFO) work part time for the company and also work with the majority shareholder Sector 10 Holdings, Inc. Beginning in May, 2009, the CEO and CFO compensation was accrued on the Company books. No cash compensation was paid during the fiscal year.

Due to serious issues resulting from the prior manufacturer and other parties, the Company has been delayed in their sales and production efforts and as a result has not had the funding to hire the personnel needed to assist in its growth. The Company is in the midst of litigation that has delayed any funding efforts needed to be in place before operations may continue in a manner consistent with its original strategic plan.

ITEM 2 DESCRIPTION OF PROPERTIES

The Company's administrative offices are located in an office facility located at 222 South Main Street, 5th Floor Salt Lake City, UT 84101. The facility is leased on a month to month basis.

ITEM 3. LEGAL PROCEEDINGS

The Company is aware of the following situation regarding litigation, pending or threatened, to which it is a party.

Dutro Group, Dutro Company & Reality Engineering

The Dutro Group consists of Dutro Company, Reality Engineering, William Dutro, Vicki Davis and Lee Allen and other parties. The litigation is ongoing for multiple years and is expected to continue at least into the fiscal year ended March 31, 2016 and possibly beyond. The Company has filed a claim against the Dutro Group to seek relief for the damages incurred by Dutro Group actions.

The litigation has been delayed for various reasons resulting in additional pressures on the Company to manage the proceedings. The Company is committed and determined to continue the litigation to protect the shareholders and other investors from the damages incurred by the Dutro actions. The Company is seeking additional assistance and resources in managing the proceedings. The Company believes that sufficient reserves are included in the financial statements for exposures for the issues represented in these actions.

Edward Johnson

The Company is past due on the unpaid balance of a note payable plus accrued interest to Edward Johnson. The note collection and other issues were pending in litigation. A settlement was reached in the Johnson case on November 14, 2013. Under the settlement, the parties agreed to retain the judgment for collection of the outstanding debt and drop all other claims and counter claims. Payment of the judgment will be made based on a payment of $2,000 at settlement and then a payment of $2,000 every 90 days. Due to deficiencies in cash flow, further interest payments have not been made. Proceeds from other litigation (if any) will be used as the primary source of funds to pay off the judgment. The judgment including accrued interest was agreed to be $115,198 as of May 1, 2013. Interest will accrue on the principal of $86,615 at an annual rate of 12% until the judgment is paid in full. The outstanding loan had been accruing interest at a rate of 6% per year. The impact of the settlement and the resulting increase in interest to 12% has been reflected in the current financial statements, Payments are allocated first to unpaid interest and then principal.

Bank of America

The Company and its affiliates filed a claim seeking damages resulting from actions and activities involving certain parties affiliated with the parties involved in the case. The Court dismissed the case under grounds that the Company believes has no legal basis. The Company has filed an appeal to reinstate the litigation. The appeal was denied and the case has been dismissed. The Company is evaluating further options concerning this matter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's shareholders through the solicitation of proxies, during the Company's fiscal year ended March 31, 2015

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PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASER OF EQUITY SECURITIES

The pending litigation has impacted the Company operations which has caused delays in filing various reports. Due to the late filing, the Company Common Stock trading has been mved from the Over the Counter Bulletin Board under the symbol SECI.OB to trading on the Pink Sheets under the symbol SECI.PK. Prior to May 19, 2009, the stock traded under the symbol "SECT.OB." The Company's stock began trading subsequent to its year end of March 31, 2006. Since its inception, the Company has not paid any dividends on its Common Stock, and the Company does not anticipate that it will pay dividends in the foreseeable future. As of June 20, 2014, the Company had approximately 206 shareholders of record.

The following chart sets out the Open, High, Low, Close, Volume and Adjusted Close Price for the stock for the period from March 31, 2014 until March 31, 2015. The dates represent the last trading date for the respective month:

Date	Volume	Open	High	Low	Close
3/31/2015	0	0.07	0.07	0.07	0.07
2/27/2015	0	0.07	0.07	0.07	0.07
1/30/2015	0	0.07	0.07	0.07	0.07
12/31/2014	0	0.07	0.07	0.07	0.07
11/28/2014	0	0.07	0.07	0.07	0.07
10/31/2014	0	0.07	0.07	0.07	0.07
9/30/2014	200	0.07	0.07	0.07	0.07
8/28/2014	0	0.07	0.07	0.07	0.07
7/31/2014	0	0.07	0.07	0.07	0.07
6/30/2014	0	0.07	0.07	0.07	0.07
5/30/2014	0	0.07	0.07	0.07	0.07
4/30/2014	0	0.06	0.06	0.06	0.06
3/31/2014	0	0.05	0.05	0.05	0.05

The Company's transfer agent is OTC Stock Transfer, Inc. of Salt Lake City, Utah.

ITEM 6. SELECTED FINANCIAL DATA

None

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

The Company's cash balance is insufficient to satisfy the Company's cash requirements for the next 12 months. Due to issues surrounding Dutro Group and other pending litigation, the ability to deliver products to customers has been delayed. Litigation involving various parties continues and is expected to continue for the foreseeable future. The impact of the issues surrounding the litigation impact the Company's ability to obtain funding needed to operate the Company according to their strategic plans.

Our notes to the financial statements disclose that the cash flow of the Company has been absorbed in operating activities, has incurred net losses for the fiscal year and has a working capital deficiency. Due to the pending litigation and the current restructuring, the Company operations are not likely to produce positive cash flow until at least the fiscal year ended March 31, 2016. These factors raise substantial doubt about our ability to continue as a going concern. Our going concern uncertainty may affect our ability to raise additional capital, and may also affect our relationships with suppliers and customers. Investors should carefully examine our financial statements and read the notes to the financial statements.

Results of Operations for the year ended March 31, 2015 as compared to the year ended March 31, 2014.

Revenues -

The Company had no revenues for the fiscal year ended March 31, 2015.

The Company had no revenues for the fiscal year ended March 31, 2014.

Other Income-

The Company had no other income for the fiscal year ended March 31, 2015.

The Company had no other income for the fiscal year ended March 31, 2014.

Cost of Sales -

The Company had no cost of sales or other operating expenses for the fiscal year ended March 31, 2015.

The Company had no cost of sales or other operating expenses for the fiscal year ended March 31, 2014.

General and Administrative Expenses -

General and administrative expenses were $815,830 for the fiscal year ended March 31, 2015. These expenses are made up of wages - $594,000, professional fees – $122,500, payroll taxes – 59,400, inventory write-down – $18,409, insurance expenses - $14,266, registration/filing /transfer fees/financing & franchise fees – 7,255.

General and administrative expenses were $771,263 for the fiscal year ended March 31, 2014. These expenses are made up of wages - $546,000, professional fees – $145,000, payroll taxes – 54,600, registration/filing /transfer fees - $12,980, insurance expenses - $8,283 , financing fees of - $4,000 and franchise tax - $400.

Depreciation Expense –

Depreciation expense was $0 for the fiscal year ended March 31, 2015.

Depreciation expense was $0 for the fiscal year ended March 31, 2014.

Interest expense

The Company had interest expense of $258,657 for the year ended March 31, 2015.

The Company had interest expense of $226,543 for the year ended March 31, 2014.

Other expense

The Company had no other expense for the year ended March 31, 2015.

The Company had no other expense for the year ended March 31, 2014.

Liquidity and Capital Resources

Cash and cash equivalents -

We believe our bank balance of $0 with a deficit in working capital of $6,154,827 as of March 31, 2015 is not sufficient to meet our working capital requirements for the coming year.

Total assets -

We currently have $0 assets for the year ended March 31, 2015.

Working capital -

Since the merger on November 20, 2007, we initially have financed the operations exclusively through advances from shareholders and officers. Beginning in May 2008, outside investors have assisted in provided working capital. Total cumulative outside capital received amounted to $657,500 as of the fiscal year ended March 31, 2015.

As of this filing date, the Company is in the midst of litigation and in the process of restructuring its operations in order to raise capital and continue in its efforts to manufacture and distribute its products. The restructuring will not be complete until the litigation has been completed. Potential funding for operations is not expected until sometime in the fiscal year ended March 31, 2016 or beyond.

Our auditors are of the opinion that our continuation as a going concern is in doubt. Our continuation as a going concern is dependent upon continued financial support from our shareholders and other related parties. THE FINANCIAL STATEMENTS, RELATED NOTES AND THE OTHER INFORMATION INCLUDED IN THIS REPORT HAVE NOT BEEN REVIEWED BY THE COMPANY'S OUTSIDE ACCOUNTANT PRIOR TO THE FILING OF THIS REPORT.

Liabilities -

Current liabilities as of March 31, 2015 were $6,154,827. The balance was composed of accounts payable and accrued liabilities of $5,914,212 and note payable to outside investors of $240,615.

Current liabilities as of March 31, 2014 were $4,615,749. The balance was composed of accounts payable and accrued liabilities of $4,375,134 and note payable to outside investors of $240,615.

Long term liabilities as of March 31, 2015 were $0.

Long term liabilities as of March 31, 2014 were $483,000. The balance consists of Notes Payable to Dutro Company - $250,000, Vicki Davis Living Trust - $168,000 and William Dutro - $65,000.

Total liabilities as of March 31, 2015 were $6,154,827.

Total liabilities as of March 31, 2014 were $5,098,749.

Cash flows -

Sources and Uses of Cash	Year Ended March 31, 2015	Year Ended March 31, 2014
Net cash provided by / (used in)		
Operating activities	$ 0	$ 0
Investing activities	0	0
Financing activities	0	0
Increase/(decrease) in cash and cash equivalents	$ 0	$ 0
Years ended March 31, 2015 and 2014		
Cash and cash equivalents	$ 0	$ 0

Operating Activities -

Cash used in operations for the year ended March 31, 2015 was $0. This included a loss from operation of ($1,074,487) and a net change in accounts payable and accrued liabilities of $1,074,487.

Cash used in operations for the year ended March 31, 2014 was $0. This included a loss from operation of ($997,806) and a net change in accounts payable and accrued liabilities of $997,806.

Investing Activities -

There was no cash used in Investing Activities for the year ended March 31, 2015.

There was no cash used in Investing Activities for the year ended March 31, 2014.

Financing Activities -

There was no cash provided in financing activities for the year ended March 31, 2015.

There was no cash provided in financing activities for the year ended March 31, 2014.

Critical Accounting Policies

The discussions and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon the financial statements, which have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of its intangible assets. Actual results could differ from the estimates. We believe the following are the critical accounting policies used in the preparation of the consolidated financial statements.

Revenue -

The Company had no sales activity during the current fiscal year ended March 31, 2015. The Company records sales of its products based upon the terms of the contract; when title passes to its customers; and, when collectability is reasonably assured.

Income Taxes -

The amount of income taxes recorded by us requires the interpretation of complex rules and regulations of various taxing jurisdictions throughout the world. We have recognized deferred tax assets and liabilities for all significant temporary differences, operating losses and tax credit carryforwards. We routinely assess the potential realization of our deferred tax assets and reduce such assets by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. We routinely assess potential tax contingencies and, if required, establish accruals for such contingencies. The accruals for deferred tax assets and liabilities are subject to a significant amount of judgment by us and we review and adjust routinely our estimates based on changes in facts and circumstances. Although we believe our tax accruals are adequate, material changes in these accruals may occur in the future, based on the progress of ongoing tax audits, changes in legislation and resolution of pending tax matters.

Litigation -

An estimated loss from a loss contingency is recorded when information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies such as legal matters requires the use of judgment as to the probability of the outcome and the amount. Many legal contingencies can take years to be resolved. An adverse outcome could have a material impact on our financial condition, operating results and cash flows.

Going Concern Qualification

Our notes to the consolidated financial statements disclose that the cash flow of the Company has been absorbed in operating activities and has incurred net losses for the three months, and have a working capital deficiency. In the event that funding from internal sources or from public or private financing is insufficient to fund the business at current levels, we will have to substantially cut back our level of spending which could substantially curtail our operations. These factors raise substantial doubt about our ability to continue as a going concern. Our going concern uncertainty may affect our ability to raise additional capital, and may also affect our ability to raise additional capital, and may also affect our relationships with suppliers and customers. Investors should carefully examine our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risks Related to our Business and Operations

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, and all of the other information set forth in this Report before deciding to invest in shares of our common stock. In addition to historical information, the information in this Report contains forward-looking statements about our future business and performance. Our actual operating results and financial performance may be different from what we expect as of the date of this Report. The risks described in this Report represent the risks that management has identified and determined to be material to our company. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also materially harm our business operations and financial condition.

We have not paid any cash dividends on our common stock to date and do not anticipate any cash dividends being paid to holders of our common stock in the foreseeable future. While our dividend policy will be based on the operating results and capital needs of the business, it is anticipated that any earnings will be retained to finance our future expansion. As we have no plans to issue cash dividends in the future, our common stock could be less desirable to other investors and as a result, the value of our common stock may decline, or fail to reach the valuations of other similarly situated companies who have paid dividends.

Dependence upon Suppliers and Other Third Parties: The Company relies on outsourced manufacturers for the production of all Sector 10 products. Litigation is pending regarding the breach of contract by the former outsourced manufacturer and other issues resulting in indefinite delays in production capability and capacity.

Compliance with existing and new regulations of corporate governance and public disclosure may result in additional expenses.

Compliance with changing laws, regulations, and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and other SEC regulations, requires large amounts of management attention and external resources. This may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.
Our directors, executive officers and principal stockholders have effective control of the company, preventing non-affiliate stockholders from significantly influencing our direction and future.

Our directors, officers, and 5% stockholders and their affiliates control in excess of 50% of our outstanding shares of common stock. There are anti-dilution provisions in agreements that are expected to provide this group to continue to control a majority of our outstanding common stock following any financing transactions projected for the foreseeable future. These directors, officers and affiliates effectively control all matters requiring approval by the stockholders, including any determination with respect to the acquisition or disposition of assets, future issuances of securities, declarations of dividends and the election of directors. This concentration of ownership may also delay, defer, or prevent a change in control and otherwise prevent stockholders other than our affiliates from influencing our direction and future.

There is a public market for our stock, but it is thin and subject to manipulation.

The volume of trading in our common stock is limited and can be dominated by a few individuals. The limited volume, if any, can make the price of our common stock subject to manipulation by one or more stockholders and will significantly limit the number of shares that one can purchase or sell in a short period of time. An investor may find it difficult to dispose of shares of our common stock or obtain a fair price for our common stock in the market.

The market price for our common stock is volatile and may change dramatically at any time.

The market price of our common stock, like that of the securities of other early-stage companies, is highly volatile. Our stock price may change dramatically as the result of announcements of our quarterly results, the rate of our expansion, significant litigation or other factors or events that would be expected to affect our business or financial condition, results of operations and other factors specific to our business and future prospects. In addition, the market price for our common stock may be affected by various factors not directly related to our business, including the following:

· intentional manipulation of our stock price by existing or future stockholders;

· short selling of our common stock or related derivative securities;

· a single acquisition or disposition, or several related acquisitions or dispositions, of a large number of our shares;

· the interest, or lack of interest, of the market in our business sector, without regard to our financial condition or results of operations;

- the adoption of governmental regulations and similar developments in the United States or abroad that may affect our ability to offer our products and services or affect our cost structure;

- developments in the businesses of companies that purchase our products; and

- economic and other external market factors, such as a general decline in market prices due to poor economic indicators or investor distrust.

Our business may be affected by increased compensation and benefits costs.

We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business. We do not anticipate paying any cash dividends in the foreseeable future, and it is unlikely that investors will derive any current income from ownership of our stock. This means that your potential for economic gain from ownership of our stock depends on appreciation of our stock price and will only be realized by a sale of the stock at a price higher than your purchase price.

Our common stock is a “low-priced stock” and subject to regulation that limits or restricts the potential market for our stock.

Shares of our common stock may be deemed to be “low-priced” or “penny stock,” resulting in increased risks to our investors and certain requirements being imposed on some brokers who execute transactions in our common stock. In general, a low-priced stock is an equity security that:

· Is priced under five dollars;

· Is not traded on a national stock exchange, the Nasdaq Global Market or the Nasdaq Capital Market;

· Is issued by a company that has less than $5 million in net tangible assets (if it has been in business less than three years) or has less than $2 million in net tangible assets (if it has been in business for at least three years); and

· Is issued by a company that has average revenues of less than $6 million for the past three years.

We believe that our common stock is presently a “penny stock.” At any time the common stock qualifies as a penny stock, the following requirements, among others, will generally apply:

· Certain broker-dealers who recommend penny stock to persons other than established customers and accredited investors must make a special written suitability determination for the purchaser and receive the purchaser’s written agreement to a transaction prior to sale.

· Prior to executing any transaction involving a penny stock, certain broker-dealers must deliver to certain purchasers a disclosure schedule explaining the risks involved in owning penny stock, the broker-dealer’s duties to the customer, a toll-free telephone number for inquiries about the broker-dealer’s disciplinary history and the customer’s rights and remedies in case of fraud or abuse in the sale.

· In connection with the execution of any transaction involving a penny stock, certain broker-dealers must deliver to certain purchasers the following:

  O bid and offer price quotes and volume information;
  O the broker-dealer’s compensation for the trade;
  O the compensation received by certain salespersons for the trade;
  O monthly accounts statements; and
  O a written statement of the customer’s financial situation and investment goals.

ITEM 8. FINANCIAL STATEMENTS

NOTE: THE FINANCIAL STATEMENTS, RELATED NOTES AND THE OTHER INFORMATION INCLUDED IN THIS REPORT HAVE NOT BEEN REVIEWED BY THE COMPANY'S OUTSIDE ACCOUNTANT PRIOR TO THE FILING OF THIS REPORT.

Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
For the Years Ended March 31, 2015 and 2014

ASSETS	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
Current assets:		
Cash	$ -	$ -
Inventory, net	-	18,409
Total current assets	-	18,409
Fixed assets cost	22,250	22,250
Less: accumulated depreciation	(22,250)	(22,250)
Net fixed assets	-	-
Other assets - Network acquisition/development costs	-	-
Total assets	$ -	$ 18,409
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,431,211	$ 4,375,134
Note payable - short term	723,616	240,615
Total current liabilities	6,154,827	4,615,749
Long term liabilities:		
Note payable	-	483,000
Total long term liabilities	-	483,000
Total liabilities	6,154,827	5,098,749
Shareholders' equity (deficit)		
Preferred shares - $0.001 par value; 1,000,000 authorized, no shares issued or outstanding	-	-
Common shares - $0.001 par value; 199,000,000 authorized; 305,778 and 305,778 shares issued and outstanding, respectively	306	306
Additional paid-in-capital	6,148,229	6,148,229
Deficit accumulated during development stage	(12,303,362)	(11,228,875)
Total shareholders' equity (deficit)	(6,154,827)	(5,080,340)
Total liabilities and shareholders' equity (deficit)	$ -	18,409

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

Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2015 and 2014 and for the Period From Inception, September 16, 2002 to March 31, 2015

	Years Ended		Inception to
	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)	March 31, 2015
Sales	$ -	$ -	$ 18,500
Cost of Sales	-	-	(18,032)
Gross Profit	-	-	468
Expenses:			
General and administrative	815,830	771,263	10,262,318
Depreciation	-	-	24,106
Research and development	-	-	226,108
Total expenses	815,830	771,263	10,512,532
Income (loss) from operations	(815,830)	(771,263)	(10,512,064)
Interest expense	(258,657)	(226,543)	(1,160,503)
Other income (expense)	-	-	(630,795)
Net income (loss) before income taxes	(1,074,487)	(997,806)	(12,303,362)
Provision for income taxes	-	-	-
Net income (loss) after income taxes	$ (1,074,487)	$ (997,806)	$ (12,303,362)
Weighted Average Shares Outstanding - basic and diluted	305,778	305,778	
Basic and diluted income (loss) per share			
Continuing Operations	$ (3.51)	$ (3.26)	
Net Income (Loss)	$ (3.51)	$ (3.26)	

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

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Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the period from September 16, 2002 (inception) through March 31, 2015

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Deficit Accumulated During Development Stage
Balance at Inception, September, 16, 2002	-	$ -	$ -	$ -
Issued Shares	10,000	10	(1,414)	-
Net loss for the period 12/31/2002	-	-	-	(3,586)
Net loss for the period 1/1/2003 to 3/31/2007	-	-	-	-
Recapitalization	5,464	6	(703,166)	-
Net loss for the period 3/31/2008	-	-	-	(123,946)
Issued Shares 3/31/2009	20,256	20	1,702,738	-
Gain on extinguishment of debt	-	-	10,850	-
Net loss for the period 3/31/2009	-	-	-	(532,775)
Issued Shares 3/31/2010	65,099	65	3,265,424	-
Net loss for the period 3/31/2010	-	-	-	(4,587,632)
Balance at March 31, 2010 (audited)	100,819	101	4,274,432	(5,247,939)
Issued Shares (unaudited)	243,443	243	1,199,745	-
Adjustment to value of stock options at March 31, 2011 (unaudited)	-	-	116,455	-
Discount on Convertible notes (unaudited)	-	-	206,324	-
Net loss for the period (unaudited)	-	-	-	(2,572,447)
Balance at March 31, 2011 (unaudited)	344,262	344	5,796,956	(7,820,386)
Issued Shares (unaudited)	(23,315)	(23)	76,988	-
Adjust for 500-to 1 reverse split	(15,169)	(15)	152,451	
Adjustment to value of stock options at March 31, 2012 (unaudited)	-	-	97,048	-
Net loss for the period (unaudited)	-	-	-	(1,447,492)
Balance at March 31, 2012 (unaudited)	305,778	306	6,123,443	(9,267,878)
Adjustment to value of stock options at March 31, 2012 (unaudited)	-	-	24,786	-
Net loss for the period (unaudited)	-	-	-	(963,191)
Balance at March 31, 2013 (unaudited)	305,778	306	6,148,229	(10,231,069)
Net loss for the period (unaudited)	-	-	-	(997,806)
Balance at March 31, 2014 (unaudited)	305,778	306	6,148,229	(11,228,875)
Net loss for the period (unaudited)	-	-	-	(1,074,487)
Balance at March 31, 2015 (unaudited)	305,778	$ 306	$ 6,148,229	$ (12,303,362)

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

Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For Years Ended March 31, 2015 and 2014
and for the Period From Inception,
September 16, 2002, to March 31, 2015

	Years Ended		Inception to
	March 31, 2015	March 31, 2014	March 31, 2015
Cash Flows from Operating Activities:			
Net Loss	$(1,074,487)	$(997,806)	$(12,303,362)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock for services	-	-	5,114,493
Depreciation	-	-	24,106
Net discount on convertible debt	-	-	206,324
Loss due to Impairment / Gain on restructuring	-	-	630,795
Changes in:			
Inventory and other current assets	-	-	(4,869)
Accounts payable and accrued liabilities	1,074,487	997,806	5,944,915
Net cash used in operating activities	-	-	(387,598)
Cash Flows from Investing Activities:			
Fixed asset / Other asset purchases	-	-	(189,541)
Net cash used in investing activities	-	-	(189,541)
Cash Flows from Financing Activities:			
Net Proceeds from general financing	-	-	657,500
Net Proceeds (payments) from shareholder / officers	-	-	(113,947)
Proceeds from issuance of common stock	-	-	33,586
Net cash provided by financing activities	-	-	577,139
Net increase (decrease) in cash	-	-	-
Beginning of period - continuing operations	-	-	-
End of period - continuing operations	$-	$-	$-
Cash paid for interest	$2,000	$4,000	$24,295
Cash paid for income taxes	$-	$-	$-

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

Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - ORGANIZATION AND BUSINESS OPERATIONS

Sector 10, Inc., as currently registered with the State of Delaware was originally incorporated on June 11, 1992 under the name Plasmatronic Technologies, Inc. The initial authorized shares amounted to 20,000,000 common shares and 1,000,000 preferred shares. On May 28, 1998, the Corporation name was officially changed from Plasmatronic Technologies, Inc. to Ecological Services, Inc. On January 2, 2003, the Corporation name was changed from Ecological Services, Inc. to Stanford Capital Corporation. In addition, the authorized capital stock was increased from 20,000,000 common shares to 50,000,000 common shares. On March 16, 2004, the Corporation name was changed from Stanford Capital Corporation to Skreem Entertainment Corporation. On December 1, 2006, the Corporation name was changed from Skreem Entertainment Corporation to SKRM Interactive, Inc.

Sector 10, Services USA, Inc. was formed as a Nevada corporation on September 16, 2002 and was a majority owned subsidiary of Sector 10, Holdings, Inc. The Company had minimal activity in 2002 and has been inactive until immediately prior to the acquisition of SKRM Interactive. The Company was inactive for the full 12 months ended March 31, 2007.

Sector 10, Inc. (formerly known as SKRM Interactive, Inc.) was the acquiring company resulting from the combination of Sector 10 Services USA, Inc, a private company, and SKRM Interactive, a Delaware public company. Sector 10 Services acquired SKRM Interactive through a reverse merger transaction on November 20, 2007. Immediately after the merger, the company was called SKRM Interactive, Inc. and continued its reporting obligations under that name. The Company was formally named Sector 10, Inc. on April 15, 2008. The SKRM year end of March 31 was continued with the new entity.

Sector 10 has developed and seeks to market pre-deployed emergency and disaster response equipment with the world's first patented Stationary Response Units (SRU) and Mobile Response Units (MRU). Sector 10 has patents issued in the United States and patent applications pending with U.S. and international agencies. Sector 10's initial SRU and MRU design has been developed, produced, nationally test marketed and sold.

Litigation involving various parties continues and is expected to continue for the foreseeable future. The impact of the issues surrounding the litigation impact the Company's ability to obtain funding needed to operate the Company according to their strategic plans.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying unaudited consolidated condensed financial statements of Sector 10, Inc. ("Sector 10" or the "Company"), have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and required by Rule 10-01 of Regulation S-X. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation, have been included in the accompanying unaudited consolidated financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Since the acquisition on November 20, 2007, there is no activity in the former SKRM company. All activity has been through the company known as Sector 10, Inc. The consolidation of these companies is presented in these financial statements.

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 certain 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.

Cash and Cash Equivalents

It is the Company's policy to invest cash with financial institutions judged to be highly secure. For purposes of the statement of cash flow, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company extends credit to its customers in the normal course of business. The Company reviews outstanding receivables, and provides for estimated losses through an allowance for doubtful accounts. In evaluating the level of established loss reserves, the Company makes judgments regarding its customers' ability to make required payments, economic events and other factors. As the financial condition of these parties change, circumstances develop or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. The Company has no sales and no receivables outstanding for the fiscal year ended March 31, 2015.

Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Inventory is comprised of finished products that the Company intends to sell to its customers and product demos that are used for presentations to customers. The demos are also available for sale. The Company uses an outsourced manufacturer to produce the product. Due to pending litigation, there was no sales activity and no inventory on hand at the fiscal year ended March 31, 2015. The Company will with the assistance of the outsourced manufacturer periodically makes judgments and estimates regarding the future utility and carrying value of its inventory. The carrying value of inventory is periodically reviewed and impairments, if any, are recognized when the expected future benefit from the inventory is less than its carrying value. If applicable, the Company will establish inventory reserves for estimated obsolescence or unmarketable inventory which is equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. For the years ended March 31, 2014, the Company had a reserve of $12,491. Due to the impact of the extended litigation, the inventory has been recorded at no value as of March 31, 2015. Therefore, for the fiscal year ended March 31, 2015, all inventory and the related reserve was $0.

Property and Equipment and Depreciation

Property and equipment are carried at historical cost less accumulated depreciation. The cost of maintenance and repairs is charged to income as incurred, whereas significant renewals and betterments are capitalized. The cost and the related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the statement of income.

The Company provides for depreciation of property and equipment principally by use of the straight-line method for financial reporting purposes. Depreciation begins in the month that depreciable assets are placed in service. The only assets currently placed in service are computers and furniture and equipment. Computers and depreciable equipment are estimated to have a useful life of 5 years. Depreciation is computed based on a straight line basis over the estimated useful life. All property and equipment is fully depreciated at the end of the fiscal year end.

Notes Payable

Beginning in May 2008 and continuing through the end of the fiscal year March 31, 2011, the Company received funding from outside investors. The Company is currently being restructured in an effort secure new funding opportunities.. No additional funding is expected until at least during the fiscal year ended March 31, 2016.

Contingencies

We account for loss contingencies in accordance with ASC 450 (SFAS No. 5), "Accounting for Contingencies." Accordingly, when management determines that it is probable that an asset has been impaired or a liability has been incurred, we accrue our best estimate of the loss if it can be reasonably estimated. Our legal costs related to litigation are expensed as incurred.

Income Tax

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in the tax laws and rates on the date of enactment.

Loss Per Share

In accordance with ASC 280 (SFAS No. 128), "Earnings Per Share," we report basic loss per common share, which excludes the effect of potentially dilutive securities, and diluted loss per common share, which includes the effect of all potentially dilutive securities unless their impact is anti-dilutive.

Share-Based Compensation

We may, from time to time, issue common stock, stock options or common stock warrants to acquire services or goods from non-employees. Common stock, stock options and common stock warrants issued to persons other than employees or directors are recorded on the basis of their fair value.

Long Lived Assets

The Company maintains a Long Lived Asset which is reviewed regularly for impairment. In its review for impairment, the Company prepares estimates of future cash flows to assist in the determination of the asset’s recoverability. If there is an issue regarding recoverability, an independent valuation will be obtained to determine any required adjustment for impairment The estimates used in determining for recoverability are updated by the Company on a regular basis to provide guidance for management’s quarterly and annual reporting.

Revenue Recognition

The Company had no sales activity during the current fiscal year ended March 31, 2013. The Company records sales of its products based upon the terms of the contract; when title passes to its customers; and, when collectability is reasonably assured.

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Impact of Recent Accounting Pronouncements

Sector 10 does not expect the adoption of any recently issued accounting pronouncements to have a material impact on its financial condition or results of operations.

Note 3 – INVENTORY

There were no sales in the year ended March 31, 2015. The inventory reflected on the books was adjusted to $0 for the fiscal year ended March 31. 2015. The carrying value of inventory is periodically reviewed and impairments, if any, are recognized when the expected future benefit from the inventory is less than its carrying value. If applicable, the Company will establish inventory reserves for estimated obsolescence or unmarketable inventory which is equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. With the write-down of inventory, no reserves exist at the end of the current fiscal year.

Note 4 – NOTES PAYABLE

Johnson Financing

The interest accrued for the fiscal year ended March 31, 2015 was $10,394. The rate for accrued interest has been increased from an annual rate of 6% to an annual rate of 12% based on an agreement reached on November 14, 2013.

Dutro Financing:

The contingent reserve - interest includes all interest accrued on the Dutro Company note and all interest accrued after July 1, 2010 for the Vicki Davis and William Dutro note. Interest accrued during the fiscal year ended March 31, 2015 was $36,225 comprised of Dutro Company - $18,750, Vick Davis - $12,600 and William Dutro - $4,875. Total contingent reserve - interest for the period ended March 31, 2015 is $188,954 comprised of Dutro Company - $105,948, Vick Davis - $59,850 and William Dutro - $ 23,156.

Employee Agreement:

The financial statements reflect an accrual of interest on unpaid wages and other compensation in the amount of $581,104 of which $199,718 is accrued during the fiscal year ended March 31, 2015.

Other Notes

Individuals – short term

Total interest accrued as of March 31, 2015was $36,035 of which $7,120 was accrued during the fiscal year ended March 31, 2015.

Asher Enterprises, Inc.

The Company entered into multiple financing transactions with Asher Enterprises, Inc. to raise capital for Company operations. Each transaction was structured as a Convertible Debenture due 9 months after the issue accruing interest at an annual rate of 8%

Total interest accrued (without discount amortization) as of March 31, 2015 was $26,502 of which $5,200 was accrued during the fiscal year ended March 31, 2015. The current period interest of $5,200 is included as part of other interest.

Summary of Interest and Notes Payable

Interest expense	March 31, 2015	March 31, 2014
Interest – Johnson	10,394	24,040
Interest – Dutro Group	36,225	36,225
Interest - Employee Group	199,718	153,958
Interest – Other Notes	12,320	12,320
Total interest expense	$ 258,657	$ 226,543

Note Payable Balance	March 31, 2015	March 31, 2014
Edward Johnson – Johnson Financing	$ 86,615	$ 86,615
Patrick Madison – Other Notes	20,000	20,000
Lionel Brown – Other Notes	20,000	20,000
Patricia Fielding – Other Notes	22,000	22,000
Mark Madison – Other Notes	10,000	10,000
Richard Long – Other Notes	17,000	17,000
Asher Enterprises, Inc. – Other Notes	65,000	65,000
Vicki Davis - Dutro Group	168,000	-
William Dutro – Dutro Group	65,000	-
Dutro Company – Dutro Group	250,000	-
Total Note Payable – short term	$ 240,615	$ 240,615
Vicki Davis - Dutro Group	$ -	$ 168,000
William Dutro – Dutro Group	-	65,000
Dutro Company – Dutro Group	-	250,000
Total Note Payable – long term	$ -	$ 483,000
Total Notes Payable	$ 723,615	$ 723,615

Debt Maturity Schedule

As of March 31, 2015 the annual maturities for notes payable are scheduled as follows:

Fiscal Year	Amount
March 31, 2015	723,615
March 31, 2016	-
March 31, 2017	-
Total	$ 723,615

All interest is due under the terms of the various agreements. However future interest payments will not be made until all pending litigation is resolved and a satisfactory revised payment arrangement is completed by all parties.

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Note 5 – EQUITY

During the Quarter ended: March 31, 2013:

No equity transactions occurred in the period ended March 31, 2013.

During the Quarter ended: March 31, 2014:

No equity transactions occurred in the period ended March 31, 2014

During the Quarter ended: March 31, 2015:

No equity transactions occurred in the period ended March 31, 2015

Note 6 – GOING CONCERN

The Company generated minimal revenues prior to the current fiscal year. No revenues were generated for the fiscal year ended March 31, 2015. This level of revenues is not sufficient for the Company to meet its future obligations. This factor raises substantial doubt about the Company's ability to continue as a going concern.

The Company is in the midst of the Dutro litigation and other litigation. The litigation has hindered the operation of the Company and have set back the ability to raise capital and develop ongoing business. The Company is in the process of restructuring the business in order to continue forward as a going concern. It is expected that the restructuring will be completed after the current litigation is completed. After the restructuring is completed, revenues are not expected to be generated at the earliest by the end of the year ended March 31, 2016.

NOTE 7 - CALLABLE SECURED CONVERTIBLE NOTES PAYABLE AND WARRANTS

In November 2007, a repurchase agreement was entered into with the investors that had (i) $600,000 in callable secured convertible notes and (ii) warrants to purchase 2,000 shares of common stock at an exercise price of $17.50 per share (As adjusted for stock splits). The convertible note was retired and the exercise price for the warrants was fixed at $8,750 which was adjusted to reflect the stock split completed in February 2012. These warrants represent the only warrants outstanding.

The warrant exercise price was fixed at $8,750 at the fiscal year ended March 31, 2014. The warrants expired on November 30, 2013. No outstanding warrants exist at the fiscal year ended March 31, 2014.

Note 8 - INCOME TAX

Income taxes are accounted for using the asset and liability method. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets /liabilities consist of the following components as of March 31, 2014 and 2013:

	March 31, 2015	March 31, 2014
Deferred tax assets:		
NOL Carryover	$ 557,953	$ 433,761
Related Party Accruals	1,349,093	905,786
Accrued Expenses	652,068	800,516
Deferred tax liabilities		
Depreciation	-	1,409
Valuation allowance	(2,559,114)	(2,141,472)
Net deferred tax asset	$ -	$ -

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rate to pretax income from continuing operations for the years ended March 31, 2014 and 2013 due to the following:

	March 31, 2015	March 31, 2014
Book Income	$ (419,050)	$ (389,144)
Depreciation	-	-
Meals & Entertainment	-	-
Stock for Services & Finance	-	9,667
Related Party Accruals	443,306	218,067
Accrued Expenses	(148,448)	171,078
Impairment Loss	-	0
Valuation Allowance	124,192	(9,668)
	$ -	$ -

At March 31, 2015, the Company had net operating loss carryforwards of approximately $1,430,600 that may be offset against future taxable income from the year 2015 through 2035. No tax benefit has been reported in the March 31, 2015 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

The Financial Accounting Standards Board ("FASB") has issued ASC 740 for Accounting for Income Taxes that clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. As a result of the implementation of ASC 740, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by ASC 740.

The Company had no unrecognized tax benefit which would affect the effective tax rate if recognized.

The Company includes interest and penalties arising from the underpayment of income taxes in the consolidated statements of operations in the provision for income taxes. As of March 31, 2015 the Company had no accrued interest or penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. federal jurisdiction and in the states of Delaware, Utah and any other jurisdiction where required. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2012.

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, payables, and notes payable. The carrying amount of cash and cash equivalents and payables approximates fair value because of the short-term nature of these items. The carrying amount of the notes payable approximates fair value as the individual borrowings bear interest at rates that approximate market interest rates for similar debt instruments.

Note 10 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events per the requirements of ASC Topic 855 and has determined that the following events should be disclosed.

1) Litigation involving various parties continues and is expected to continue for the foreseeable future. The impact of the issues surrounding the litigation impact the Company’s ability to obtain funding needed to operate the Company according to their strategic plans.

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

The Company filed and/or will file all reports from the year ended March 31, 2011 and all subsequent period until litigation is resolve with unaudited financial statements which is acceptable for a company trading on the Pink Sheets. When funds are available, the Company will engage their audit firm to conduct an audit of all unaudited period in an effort to move back to the Over the Counter Bulletin Board.

There are no disagreements with the accountants on accounting and/or financial disclosures.

ITEM 9A. CONTROLS AND PROCEDURES

Critical Accounting Policies

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Company’s disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company’s desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period being reported upon, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level.

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There have been no other significant changes in our internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

(a) Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our President, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. The disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our management, including our President, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management’s Annual Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of the President, evaluated the effectiveness of the Company’s internal control over financial reporting as of March 31, 2015. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. The Company experienced issues in gathering all needed information to timely file the annual report for the period ended March 31, 2015. As a result, the report was filed later than the time prescribed for filing. Based on this evaluation and the late filing of the report, our Principal Executive Officer and Principal Financial Officer, concluded that, as of March 31, 2015 our internal control over financial reporting were not effective.

(b) Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal controls over financial reporting, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company expects to seek capital after the restructuring is complete in an effort to begin production and distribution of their products. This is not expected to occur until the litigation issues are resolved at which time a detailed analysis of all internal controls will be conducted to assure efficiency and compliance with all regulations and agreements. Regardless of the production status, a further review of the internal control procedures are expected to be reviewed and completed in the fiscal year in which litigation is completed and is not expected sooner than the fiscal year ended March 31, 2016.

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

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information Regarding Present Directors and Executive Officers

The following table sets forth as of March 31, 2013, the name, age, and position of each executive officer and director and the term of office of each director of the Company.

Name	Age	Title	Director or Officer Since
Pericles DeAvila	45	Chairman of the Board and Acting President, Chief Executive Officer	May 12, 2011
Laurence A. Madison	59	Director and Acting Chief Financial Officer / Secretary / Treasurer	May 12, 2011

The following is the business background of each officer and director:

Pericles (Peric) DeAvila: Chairman of the Board and Acting President, CEO

Pericles DeAvila is the inventor of the SRU-M, and the associated PLX-3DSystem, the first self-contained emergency response systems in the emergency and safety market. He has had years of entrepreneurial experience nationally and internationally. His experience in leading large groups of people was expanded when he continued his construction experience as the commercial/industrial construction manager on large projects in Silicon Valley and in the Seattle area; he is fluent in Portuguese, Italian, French, Spanish, as well as English.

In the development of Sector 10, Mr. DeAvila brought together and leads a seasoned team of experts such as Russell Marriott Jr., who pioneered the first government approved Deferred Compensation 401(K) and PAYSOP plans in the United States; Linda Chandler, former Senior Vice President of Sutro & Company; and Jake Garn, former U.S. Senator, Astronaut and Brigadier General, U.S. Air Force, amongst others. Mr. DeAvila experienced firsthand the power of a natural disaster through an earthquake in the Azores Islands in 1980. He lost a close friend and experienced human devastation and disease and believes that Sector 10 is the fulfillment of an essential need affecting our daily lives.
In 2002, he was the recipient of a Congressional National Leadership Award. He was appointed as special advisor to the Chairman of the Congressional Committee on the Business Advisory Council.

Laurence A. Madison, Director and Acting CFO, Secretary and Treasurer

Mr. Madison has more than 30 years experience in public accounting, tax and financial consulting. He has experience as the Chief Financial Officer in both public and private companies. Madison brings Sector 10 experience and expertise in Sarbanes-Oxley compliance and corporate governance. He comes to Sector 10 from the Chicago office of the international accounting and management consulting firm Grant Thornton where he served in the tax quality assurance department. Prior to joining Grant Thornton, Mr. Madison worked with a large national internal audit consulting firm where he was responsible for reviewing financial processes and controls for large multi-national public companies to ensure compliance under Sarbanes- Oxley. Mr. Madison worked for over 10 years in "Big Four" accounting firms and for 15 years running his own financial consulting firm where he specialized in providing Chief Financial Officer, tax and financial consulting services to private companies and assisted in raising capital for growth companies. Mr. Madison is licensed in Illinois as a Certified Public Accountant and a member of the AICPA and Illinois CPA Society. He has a Bachelors of Accounting from Purdue University and a Master's of Science in Taxation from DePaul University.

Except as indicated below, to the knowledge of management, during the past five years, no present or former director, or executive officer of the Company:

(1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer 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) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor defenses);

(3) 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:

(i) acting as a future commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliate person, director or employee of any investment 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 purchased or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(4) 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 above under this Item, or to be associated with persons engaged in any such activity;

(5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

(6) 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.

ITEM 11. EXECUTIVE COMPENSATION

The following tables set forth certain summary information concerning the compensation paid or accrued for each of the Company's last three completed fiscal years to the Company's or its principal subsidiaries chief executive officer and each of its other executive officers that received compensation in excess of $100,000 during such period (as determined at March 31, 2015, the end of the Company's last completed fiscal year):

Name	Fiscal Year	Compensation
Peric DeAvila	2015	$ 306,000
Laurence A. Madison	2015	$ 288,000
Peric DeAvila	2014	$ 282,000
Laurence A. Madison	2014	$ 264,000
Peric DeAvila	2013	$ 258,000
Laurence A. Madison	2013	$ 240,000

Cash Compensation

On February 26, 2010, the CEO and CFO executed employment agreements with the Company which cover the period through the end of the fiscal year ended March 31, 2016.

There was no cash compensation to officers in the fiscal year ended March 31, 2015 and no cash compensation was paid in the year ended March 31, 2012. Unpaid compensation was accrued in the fiscal year ended March 31, 2015 and March 31, 2014. The amount accrued was based on the terms set forth in the employment agreements.

Bonuses and Deferred Compensation

The CEO and CFO have executed Employment agreements with the company that covers the period through the end of the fiscal year ended March 31, 2016. Under the agreement, the parties are entitled to a cash bonus and a stock bonus.

In March 2010, the Board authorized a Stock Incentive Plan for the benefit of employees and others who perform services on behalf of the Company. A Form S-8 Registration statement was filed on July 13, 2010 to authorize the issuance of Company options to key officers, directors and consultants. Options were issues under the S-8 in the fiscal year March 31, 2011. No other options have been issued under the plan.

No current deferred compensation programs are established as of March 31, 2015. The Company reserves the right to establish such a plan in the future.

Compensation Pursuant to Plans.

The CEO and CFO have executed Employment agreements with the company that covers the period through the end of the fiscal year ended March 31, 2016.

Pension Table

The Company reserves the right to establish a Company retirement plan. No such plan exists at the March 31, 2015

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Other Compensation

The CEO and CFO have executed Employment agreements with the company that covers the period through the end of the fiscal year ended March 31, 2016. Under the agreement, the following other provisions

Welfare, Benefit, Savings and Retirements

Treatment of Unpaid Wages or Other Compensation. Employee shall have the right to interest at an annual rate of 8% for any salary or other compensation that is earned under the employment agreement not paid when earned or approved.

Anti-Dilution. The Company provides Employee with anti-dilution protection for common shares that are issued to other parties after the effective date and during the term of this agreement.

Expenses. During the Employment Period, the Employee shall be provided a Company Credit Card and/or shall be reimbursed for all reasonable expenses incurred by the Employee in accordance with the policies, practices and procedures of the Company. Employee agrees to seek approval for expenses in excess of $1,000 before committing Company resources.

Compensation of Directors.

The Company compensates all Directors with the issuance of Company common shares. A total of 50,000 shares are issued for a year of service as a director. As the Company develops and/or new directors are added, the Board may revise the compensation for directors.

Termination of Employment and Change of Control Arrangement

The CEO and CFO have executed employment agreements that provide minimum base salary, bonuses and other benefits. The agreement continues through the fiscal year ended March 31, 2016. If a change in control of the Company occurs, the provisions require immediate vesting in all unpaid benefits under the agreement. The minimum due under such an arrangement for any change in control would be an amount equal to three times the compensation due in the last fiscal year under the agreement. The amount shall be due and payable the day before any transaction resulting in such change of control.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2014 the name and the number of shares of the Company's Common Stock, par value $.001 per share, held of record or beneficially by each person who held of record, or was known by the Company to own beneficially, more than 5% of the 305,778 issued and outstanding shares of the Company's Common Stock and 351,728 shares that include issued and outstanding shares plus shares that have been accrued but not issued as of March 31, 2014 (after reflecting the impact of the reverse stock split), and the name and shareholdings of each director and of all officers and directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
OFFICERS, DIRECTORS AND FIVE PERCENT SHAREHOLDERS			
Common	Peric DeAvila	11,391 (1)	3.72%
Common	Laurence Madison	10,896 (1)	3.56%
Common	Sector 10 Holdings, Inc.	151,616 (1)	49.58%
All officers and Directors as a Group (2) Persons (2)		22,287	7.28%
Including officer, directors and 5% shareholder		173,903	56.86%

(1) Anti-dilution agreements were entered into with Sector 10 Holdings, Inc. in November 2009 and officers Peric DeAvila and Laurence Madison in February 2010. The above percentages do not reflect all shares that the anti-dilution provisions provide the shareholders that have been accrued but not issued as of March 31, 2014. Therefore the percentages would be increased by approximately 5% total if such dilution shares were issued.

(2) The shares described above have been adjusted to reflect the impact of the 500-1 reverse stock split effective on February 14, 2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS During the Year ended March 31, 2015:

The Company was involved in litigation during the fiscal year ended March 2015. Any related transactions involved the representation of the Company and its management in the pending litigation. No other related transactions occurred during the fiscal year ended March 31, 2015.

TRANSACTIONS WITH PROMOTERS

There have been no transactions between the Company and promoters during the last fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES -

		2015		2014
Audit Fees	$	-	$	-
Audit and Related Fees		-		-
Tax Fees		-		-
All Other Fees		-		-
Total	$	-	$	-

(1) Audit fees consist of fees billed for the audit of the Company's consolidated financial statements and review of the interim consolidated financial statements.

ITEM 15. EXHIBITS

Exhibit	
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document*
101 SCH	XBRL Schema Document*
101 CAL	XBRL Calculation Linkbase Document*
101 DEF	XBRL Definition Linkbase Document*
101 LAB	XBRL Labels Linkbase Document*
101 PRE	XBRL Presentation Linkbase Document*

SIGNATURES

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

Sector 10, Inc

Date: August 13, 2015	By	/s/ Pericles DeAvila Pericles DeAvila, Principal Executive Officer
Date: August 13, 2015	By	/s/ Laurence A. Madison Laurence A. Madison, Chief Financial Officer