Vapor Group, Inc.

Consolidated Financial Statements
for the Nine Months Ended September 30, 2017
(Unaudited)

Vapor Group, Inc.

Table Of Contents

Page No.

Restated Consolidated Financial Statements (Unaudited)

Balance Sheet	F-1
Statement of Operations	F-2
Statement of Changes In Stockholders' Deficit	F-3
Statement of Cash Flows	F-4
Notes To Financial Statements	F-5

VAPOR GROUP, INC.
UNAUDITED CONSOLIDATED BALANCE SHEET

	As of September 2017 (Unaudited)	As of December 31, 2016 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash	$ 9,914	$ 20,310
Accounts receivable	$ 11,437	$ 97,417
Loan to shareholder		
Inventory	$ 415,542	$ 589,816
Other current assets	$ 777,147	$ 573,580
Total current assets	$ 1,214,040	1,281,123
PROPERTY AND EQUIPMENT, NET	$ 5,603	$ 5,395
OTHER ASSETS		
Intangible assets, net	$ 1,255	1,166
Deferred expenses		
Investments		$ 7,330
Total other assets	$ 141,856	8,496
TOTAL ASSETS	$ 1,362,754	$ 1,295,014
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 127,412	$ 266,662
Accrued interest	$ 1,809,995	$ 1,160,440
Accrued expenses		
Payroll tax liability	$ 56,191	$ 35,730
Convertible notes payable	$ 1,778,964	$ 2,129,257
Loans payable	$ 721,770	$ 310,435
Sales tax payable	$ 13,068	$ 13,005
TOTAL CURRENT LIABILITIES	4,507,400	3,915,529
TOTAL LIABILITIES	4,507,400	3,915,528
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.001 par value, 15,000,000 shares authorized, 1,350,000 issued and outstanding	2,516	$ 2,516
Common stock, $0.001 par value, 8,000,000,000 shares authorized, 5,073,788,021 and 4,038,536,041 issued and outstanding at September 30, 2017 and December 31, 2016 respectively,	5,073,788	$ 4,038,536
Additional paid in capital	$ 1,250,333	$ 1,250,333
Accumulated deficit	$ (9,471,283)	$ (7,911,898)
TOTAL STOCKHOLDERS' DEFICIT	(3,144,646)	(2,620,513)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,362,754	$ 1,295,014

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

VAPOR GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	For the three months ended September 30,		For the nine months ended September	
	2017	2016	2017	2016
NET REVENUES	$ 517,458	$ 183,532	$ 632,530	$ 510,958
COST OF REVENUES	$ 377,813	109,067	$ 520,835	524,632
GROSS PROFIT	139,645	74,465	111,695	(13,674)
COST AND EXPENSES				
Advertising and promotion	$ 41,556	3,740	$ 122,280	7,844
Interest Expenses	$ 167,130	351,555	$ 792,220	574,051
Officers Compensation				1,188,982
Depreciation	$ 516	1,492	$ 2,663	4,557
Commissions	$ 5,743		$ 10,348	192
Professional fees	$ 24,000	44,000	$ 69,331	69,502
General and administrative expenses	$ 54,243	48,489	$ 185,384	204,053
	293,188	449,276	1,182,226	2,049,181
(Loss) from continuing operations	(153,543)	(374,811)	(1,070,531)	(2,062,855)
OTHER INCOME(EXPENSE)				
Debt Conversion		(23,571)	$ (564,237)	(205,011)
Statutory Limitation		955	$ 6,000	(6,299)
Interest expense				(272)
Other Income		42,352	$ 66,679	42,638
Total other income and (expense)	-	19,736	(491,558)	(168,944)
Net (Loss)	$ (153,543)	$ (355,075)	$ (1,562,089)	$ (2,231,799)
Earnings (loss) per share **- Basic**	$ (0.000032)	$ (0.000233)	$ (0.000321)	$ (0.001464)
Weighted average number of shares outstanding	4,869,725,285	1,524,395,623	4,869,725,285	1,524,395,623

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

VAPOR GROUP, INC
CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN STOCKHOLDER'S DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015, 2014, 2013 AND 2012

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance at December 31, 2012	-	$-	270,020,145	$ 270,020	$ 1,005,966	$ (1,506,397)	$ (230,411)
Preferred stock issued for services	10,000,000	1,000					1,000
Net loss						(64,161)	(64,161)
Balance at December 31, 2013	10,000,000	1,000	270,020,145	270,020	1,005,966	(1,570,558)	(293,572)
Comon stock issued for services							
Debt conversion			657,947,063	657,947	291,866		949,813
Merge & Acquisitions						$ (163,049)	$ (163,049)
Net loss						(790,516)	(790,516)
Balance at December 31, 2014	1,350,000	$ 1,350	927,967,208	$ 927,967	$ 1,297,832	$ (2,524,123)	$ (297,324)
Comon stock issued for services							
Debt conversion			2,867,997,404	$ 2,867,997	$ (47,499)	$ 300,508	$ 3,120,006
Adjustments							
Net loss						$ (3,238,423)	$ (3,238,423)
Balance at December 31, 2015	**1,350,000**	**1,350**	**3,795,964,612**	**$ 3,795,964**	**$ 1,250,333**	**$ (5,462,038)**	**$ (415,741)**
Comon stock issued for services							
Debt conversion			242,571,429	$ 242,571		$ 14,150	$ 258,072
Preferred stock issued for services	**1,166,250**	**1,166**					
Adjustments							
Net loss						$ (2,464,010)	$ (2,464,010)
Balance at December 31, 2016	**2,516,250**	**2,516**	**4,038,536,041**	**$ 4,038,535**	**$ 1,250,333**	**$ (7,911,898)**	**$ (2,621,679)**
Comon stock issued for services							
Debt conversion			184,426,980	$ 184,427			$ 184,427
Preferred stock issued for services							
Adjustments							$ 1,164
Net loss						$ (497,260)	$ (497,260)
Balance at March 31, 2017	**2,516,250**	**2,516**	**4,222,963,021**	**$ 4,222,962**	**$ 1,250,333**	**$ (8,409,158)**	**$ (2,933,348)**
Comon stock issued for services							
Debt conversion			850,825,000	$ 850,825			$ 850,825
Preferred stock issued for services							
Adjustments						$ (2)	
Net loss						$ (911,284)	$ (911,284)
Balance at June 30, 2017	**2,516,250**	**2,516**	**5,073,788,021**	**$ 5,073,787**	**$ 1,250,333**	**$ (9,320,444)**	**$ (2,993,807)**
Comon stock issued for services							
Debt conversion							$ -
Preferred stock issued for services							
Adjustments						$ 2,704	$ 2,704
Net loss						$ (153,543)	$ (153,543)
Balance at September 30, 2017	**2,516,250**	**2,516**	**5,073,788,021**	**$ 5,073,787**	**$ 1,250,333**	**$ (9,471,283)**	**$ (3,144,646)**

The accompaying notes are an integral part of these financial statements.

VAPOR GROUP, INC
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the nine months ended September 30, 2017	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(1,562,336)	$ (2,231,799)
Adjustments to reconcile increase(decrease) in net assets to cash provided by operating activities:		
Depreciation	2,663	4,558
Changes in operating assets and liabilities:		
Inventory	156,815	57,014
Accounts receivable	85,980	(17,471)
Other assets	(187,301)	1,162,261
Accounts payables	(241,886)	(384)
Proceeds from Loans	513,500	
Deferred expenses		
Accrued expense		545,768
Accrued interest	649,555	
Payroll liabilitiy	(23,573)	
Note Payable	(350,293)	
NET CASH USED IN OPERATING ACTIVITIES	(956,876)	(480,054)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	(2,870)	2,989
Payments for intangible assets	(134,626)	
Net cash provided by investing activities	(137,496)	2,989
CASH FLOWS FROM FINANCING ACTIVITIES:		
Merge & Acquistions		
Proceeds from sale of common stock		
Proceeds from convertible notes		
Notes payable converted to common stock	1,035,252	
Payment of loans	44,097	241,777
Net cash used in provided by financing activities	1,079,349	241,777
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,023)	(235,288)
CASH - BEGINNING OF YEAR	24,937	277,637
CASH - END OF NINE MONTH	$ 9,914	$ 42,349
Supplemental disclosure of cash flow information		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

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

VAPOR GROUP INC
NOTES TO UNAUDITED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017

Note 1 – GENERAL INFORMATION

1.1. Incorporation, Nature and Description of Business

We were originally incorporated under the laws of Canada on January 15, 1990, under the name "Creemore Star Printing, Inc." and changed our name on June 15, 2003 to "Smitten Press: Local Lore and Legends, Inc." We domesticated to the State of Nevada on May 8, 2007, and we were incorporated as SmittenPress: Local Lore and Legends, Inc. On April 30, 2010, our Board of Directors approved a change in our name to DataMill Media Corp., effective at the close of business on June 30, 2010. On October 3, 2011, we closed a Share Exchange Agreement, which resulted in Young Aviation, LLC, ("Young Aviation"), becoming a wholly-owned subsidiary. On November 10, 2011, a majority of our shareholders approved a change in our name to AvWorks Aviation Corp. The acquisition of Young Aviation is classified as a reverse merger and resulted in a change in control at the Company and a new focus on the business of Young Aviation.

As the result of the slow growth of such operations, in early 2013 the Company decided to seek other business opportunities. On September 3, 2013, the majority shareholder of the Company and record holder of 165,000,000 shares of restricted common stock of the Company (61.11% of the 270,020,145 shares of common stock issued and outstanding), and Corporate Excellence Consulting, Inc., a Florida corporation, the holder of 1,000,000 shares of the Series A Preferred Stock of the Company (100% of the issued and outstanding shares of preferred stock of the Company), (collectively, the "Sellers), entered into a share purchase agreement (the "Share Purchase Agreement") with Dror Svorai, an individual, (the "Buyer"), and the future President and CEO of the Company (post-Merger Agreement as hereinafter described). In accordance with the Share Purchase Agreement, the Sellers agreed to sell and transfer over time the 165,000,000 shares of restricted common stock and the 1,000,000 shares of Series A Preferred Stock of the Company to the Buyer for a total purchase price of $115,000. The Share Purchase Agreement provides that the purchase price be paid on or before February 13, 2014 and that as the purchase price is being paid by the Buyer, the shares of common and preferred stock are to be released pro-rata to the Buyer by the Sellers. The Share Purchase Agreement was completed and paid-in-full within its terms, and the sale and transfer of the common stock and Series A Preferred Stock to the Buyer was finalized on February 20, 2014. The sale and purchase of the 165,000,000 shares of common stock of the Company constitutes 49.34% of the total issued and outstanding shares of the Company of 343,536,386 as of April 11, 2014, and the sale and purchases of the 1,000,000 shares of Series A Preferred Stock constitutes 100% of the total issued and outstanding shares of preferred stock which has over 50% voting control of the Company. As a result, Dror Svorai, an individual, is the controlling shareholder of the Company.

On November 11, 2013, The Board of Directors and stockholders owning or having voting authority for 165,000,000 shares of issued and outstanding Common Stock of the then 270,020,145 shares issued and outstanding, or 61.11% of the voting common stock of the Company, and 1,000,000 shares of Series A Preferred Stock, representing all of the issued and outstanding shares of preferred stock of the Company, voted in favor of an amendment to our Articles of Incorporation to affect a reverse stock split of all of the outstanding shares of Common Stock, at a ratio of one-for-thirty. The reverse split which was pending and would have become effective once FINRA completes its review of the Company's filings related to this corporate action, was subsequently cancelled by the Board of Directors on March 13, 2014, as filed on Form 8-K on March 18, 2014.

On January 22, 2014, the Company entered into an Agreement of Merger and Plan of Reorganization ("Merger Agreement") by and among the Company and the Vapor Group, Inc., a Florida corporation ("Vapor Group") and the shareholders of Vapor Group (the "Vapor Group Shareholders"), pursuant to which the Company will acquire 100% of the issued and outstanding shares of Vapor Group from the Vapor Group Shareholders in return for the issuance of 750,000,000 shares of its common stock. As a condition to be met prior to the closing of the Merger Agreement, the Company was required to increase its authorized shares of common stock to 2,000,000,000 from 500,000,000, which it did by filing an amendment to its Articles of Incorporation with the State of Florida on January 10, 2014, which amendment was accepted by the State of Florida on January 15, 2014 thereby increasing its authorized shares. The Merger Agreement subsequently became effective as of January 27, 2014 with its filing in the State of Florida.

As a result of the Merger Agreement, Vapor Group assumed management control of the Company and established its business model and operations as the primary business operations of the Company. Prior management of the Company, Joe Eccles, resigned. Mr. Eccles did not resign as a result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

The "Agreement of Merger and Plan of Reorganization", ("Merger Agreement"), dated January 22, 2014, is considered a reverse merger, and resulted in another change in control at the Company and new management decided to abandon the former aviation business and focus solely on the business of Vapor Group.

Per the Merger Agreement, the Company acquired 100% of the issued and outstanding shares of Vapor Group, in return for the issuance of 750,000,000 shares of its common stock following completion of a pending 30:1 reverse split of the Company's common stock. On March 7, 2014, per a filing of an 8-K dated March 13, 2014, the Company and the other parties to the Merger Agreement amended the Merger Agreement such that:

(a) The Company's Series B Preferred Stock shall be issued in lieu of the issuance of the consideration of 750,000,000 shares of its Common Stock per the Merger Agreement, post an announced 30:1 reverse split, issuable to the Vapor Group Shareholders under the terms and conditions of the Merger Agreement;

(b) The quantity of shares of Series B Preferred Stock issuable in connection with the Merger Agreement shall be calculated by dividing the 750,000,000 shares of Common Stock by the 100:1 convertibility feature of the Series B Preferred Stock, such that only 7,500,000 shares of Series B Preferred Stock shall be issued as the consideration under the Merger Agreement;

(c) The 7,500,000 shares of Series B Preferred Stock shall remain authorized but unissued until after the effective date of the announced 30:1 reverse split of the Company's Common Stock, at which time said issuance of Series B Preferred Stock shall be further reduced 30:1 similar to the effect of the reverse split, such that only 250,000 shares of Series B Preferred Stock are issued as the sole consideration to the Vapor Group Shareholders for entering into the Merger Agreement.

(d) Any and all shares of Series B Preferred Stock shall be restricted from any conversion into shares of Common Stock by any holder thereof for a period of eighteen (18) months from the date of their issuance.

On March 13, 2014, the Company announced by filing form 8-K on March 18, 2014, that the aforementioned 30:1 reverse split of the Company's Common Stock had been cancelled. As a result and consistent with the intent of the prior announcement amending the terms and conditions of the Merger Agreement, the aforementioned (see "(c)" above) 250,000 shares of Series B Preferred Stock granted in consideration of the Merger Agreement, as calculated "post reverse split" had there been one, shall be issued on the books and records of the Company to the Shareholders of Vapor Group. Said issuance by resolution of the Board of Directors occurred on March 17, 2014.

On March 31, 2014, the Company entered into an Acquisition Agreement with American Vaporizer, LLC, a Delaware limited liability company ("American Vaporizer") and two of the three membership unit holders of American Vaporizer (the "Unit Holders"), pursuant to which the Company, as a membership unit holder, would increase its ownership interest from its previous twenty-five percent (25%) to fifty-one percent (51%), by acquiring an additional twenty-six membership units of American Vaporizer (the "Membership Units") from the other two Unit Holders. Under Florida law, the Agreement was effective immediately and American Vaporizer became a majority-owned subsidiary of the Company.

On June 23, 2014, the Company entered into an agreement wherein it sold to S.E. Naples, Inc. (“S.E. Naples”) all of its 51% ownership interest in American Vaporizer to return for an 8% interest bearing promissory note in the principal amount of $400,000 (the “Sale”) and other terms and conditions. Under the agreement, the Company agreed to assist S.E. Naples in marketing of the American Vaporizer brand, American Smoke, for ninety (90) days. As a result of the Sale, American Vaporizer ceased to be a subsidiary of the Company, and the financial results of operations and financial statements of American Vaporizer were no longer consolidated with those of the Company. Investments made by the Company in American Vaporizer under the terms and conditions of its Acquisition Agreement and loans made in conjunction therewith, shall remain obligations of American Vaporizer for repayment to the Company.

On December 31, 2014, the Company entered into an Acquisition Agreement with VGR Media, Inc., a Florida corporation ("VGR Media") and its shareholders, pursuant to which the Company would acquire one hundred percent (100%) of VGR Media from its shareholders. The result of this Agreement is that VGR Media, Inc. became a wholly-owned subsidiary of the Company.

Per the Acquisition Agreement, in exchange for an aggregate of one hundred percent (100%) of the issued and outstanding capital stock of VGR Media owned by its shareholders (i) the Company will acquire the ownership interest (i) in exchange for an aggregate one hundred thousand (100,000) shares of its Series B preferred stock which cannot be converted into shares of common stock until December 31, 2015; and (ii) the Company will assume all assets and liabilities of VGR Media, including licenses, equipment, product designs, marketing and sale materials, logos, trademarks, copyrights and websites, and trade and debt obligations.

As a result of the Acquisition Agreement with VGR Media, Inc. in which 100,000 shares of the Company’s Series B preferred stock were issued, there is one million, three hundred and fifty thousand (1,350,000) shares of preferred stock of the Company issued and outstanding, consisting of one million (1,000,000) shares of Series A preferred stock and three hundred and fifty thousand (350,000) shares of Series B preferred stock.

On July 5, 2016 the Company voluntarily filed Form 15 with the SEC in order to cease reporting obligations under Rule 12g-4(a)(2) of the Securities Exchange Act of 1934.

On October 18, 2016, the Company entered into a Merger Agreement and share exchange with NewGen Conceptsa, Inc., a Florida corporation ("NewGen Concepts") and its shareholders, pursuant to which the Company would merge with NewGen Concepts, and change its name to NewGen Concepts, Inc. NewGen Concepts is the holder of a unique wine bottle closure/opener device referred to as “Simple Cork” for which it holds U.S. and foreign patents or patents pending in numerous countries.

Per the Merger Agreement, in exchange for an aggregate of one hundred percent (100%) of the issued and outstanding capital stock of NewGen Concepts owned by its shareholders (i) the Company will acquire the ownership interest (i) in exchange for an aggregate one million, one hundred nd sixty-six thousand, two hundred and fifty (1,166,250) shares of its Series B preferred stock which cannot be converted into shares of common stock until October 18, 2017; and (ii) the Company will assume all assets and liabilities of NewGen Concepts including product designs, patent and trademark and copyright rights, and trade and debt obligations.

On November 8, 2016, the Company formed a new wholly-owned subsidiary corporation under the laws of the State of Florida, named “Simple Cork, Inc.” to which it transferred any and all assets and liabilities pertaining to the ongoing pre-merger business of NewGen Concepts related to the development of the device, Simple Cork. In addition, the pre-merger officers and directors of NewGen Concepts became the offiers and directors of Simple Cork, Inc.

About Vapor Group, Inc.

Founded in 2012, the original focus of Vapor Group was the design, manufacture and marketing of high quality, vaporizers and state-of-the-art electronic e-cigarette brands and custom formulated, high purity “Made in the USA” e-liquids, which were marketed under the Vapor Group, Total Vapor, Vapor 123 and Vapor Products brands. All manufacturing and marketing of such products was discontinued in 2017, as were its marketing of the “Whizboard” brand of scooters and “Hoverkart” accessories sold by Smart Wheels, Inc., its subsidiary. In 2017, the Company’s subsidiary, Total Vapor, Inc., became the sole worldwide distributor for the electronic, herbal grinder known as Easy Grinder™, which it distributes in the U.S. and other countries under agreement with EZ Grinder, Inc., a privately-held corporation, and sells directly to consumers in the U.S. and Canada. The Company wholly owns and operates the following subsidiaries: Total Vapor Inc., Vapor 123 Inc., VGR Media, Inc., Royal CBD, Inc. (formerly Smart Wheels, Inc.), and Simple Cork, Inc.

As a result of the merger with NewGen Concepts in 2016, Vapor Group focused its business on the acquistion, development and capitalization on a portfolio of commercially viable intellectual property ("IP"), protected under U.S. and international patent and trademark law. The Company's strategic intent became to acquire and develop a portfolio of proprietary products and services to market, license and sell globally. The acquisition of the worldwide distribution rights to Easy Grinder™ is an early example of the execution of this strategy, as is the Company's acquisition of the IP and any and all rights to the manufacture and distribution of Simple Cork™ by its wholly-owned subsidiary, Simple Cork, Inc.

Although per the terms of the Merger Agreement the Company agreed to change its name to NewGen Concepts, Inc., and did so only at the State-level for the filing of the merger, On March 27, 2017, the Company refiled in the State of Florida to revert its name to Vapor Group, Inc. to cease confusion in the OTC Market with a company whose name begins with "NewGen". The Company henceforth discontinued the use of the name "NewGen Concepts, Inc."

1.2. Changes and Amendments to the Florida Department of State – Division of Corporations

On October 24, 2016, the Company filed an amendment to its Artcles of Incoporation whereby it increased its authorized shares of common stock from 8,000,000,000 to 15,000,000,000, and changed its name to NewGen Concepts, Inc. the name change was rescinded on March 27, 2017 and the Company retains the name ,Vapor Group, Inc.

On April 28, 2017, the Company filed an amendment to its Articles of Incorporation whereby it decreased its authorized shares of common stock from 15,000,000,000 shares back to 8,000,000,000 shares.

1.3. Board of Directors at the Balance Sheet Date:

	Position	Name
Board of Directors	Chairman, President and CEO, Treasurer	Yaniv Nahon
	Chief Financial Officer, Secretary	Jorge Schcolnik

Note 2 - GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company had a net loss of $153,543 as of September 30 2017. In addition, the Company had a working capital deficit of $3,293,360 at September 30, 2017. These matters raise 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's ability to raise additional capital, further implement its business plan and to generate additional revenues.

Management believes that the actions presently being taken provide the opportunity for the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is provided to assist the reader in understanding the Company's financial statements. The financial statements and notes thereto are representations of the Company's management. The Company's management is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for complete financial statements.

Use of estimates - In preparing financial statements, management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods presented. Actual results may differ from these estimates.

The Company's financial statements have been prepared as of the balance sheet date, September 30, 2017. The unaudited financial statements were prepared on October 16, 2017.

3.1. Tangible and Intangible Fixed Assets

Fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than one thousand dollars ($1,000) in respect of tangible assets, five thousand dollars ($5,000) in respect of start-up costs, and one thousand dollars ($1,000) in respect of other intangible assets on an individual basis.

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any.

The cost of fixed asset improvements exceeding one thousand dollars ($1,000) for individual tangible assets for the taxation period, and one thousand dollars ($1,000) for individual intangible assets for the taxation period, increases the acquisition cost of the related fixed asset. Depreciation is charged so as to write off the cost of tangible and intangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method. Property and equipment net of depreciation as of September 30, 2017 is $5,602.56.

Depreciation expense for the quarter ended September 30, 2017 was $516. The use of our property and equipment determines if the depreciation is recorded as general and administrative expenses.

3.2. Inventory

Purchased inventory is valued at acquisition cost. Acquisition costs doesn't include the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees, commissions, insurance charges and discounts, which are recorded as general and administrative expenses or other income as the case may be.

Internally developed inventory is stated at cost of direct materials, direct labour costs and other direct expenses are recorded as general and administrative expenses.

Inventory as of September 30, 2017 total $ 415,542

3.3. Receivables

Upon origination, receivables are stated at their nominal value. At this time no provisions have been established. Total Accounts Receivable as of September 30 , 2017 was $11,437.

3.4. Payables

Payables are stated at their nominal value. Their balance as of September 30 , 2017 was $ 127,412.

3.5. Loans

Loans are stated at their nominal value. The portion of loans maturing within one year from the balance sheet date is included in Current Liabilities as Loans Payable and as of September 30, 2017 liabilities for this concept of $721,770. For other specific financial liabilities, please see Note 4, below.

3.6. Borrowing Costs

Borrowing costs arising from loans attributable to the acquisition, construction or production of fixed assets are added to the cost of those assets. All other borrowing costs are recognized in the profit and loss account in the period in which they are incurred.

Notes 4 – Notes Payable

The Company had notes payable totaling $3,588,959 reflecting principal and accrued interest as of September 30, 2017.

As a result of the above, the balance of the notes payable is $1,778,964 and the accrued interest thereon is $1,809,995.

NOTE DISCLOSURE	FACE VALUE	ACCRUED INTEREST
Investment Firm: $6,000 Note issued on November 22, 2011. A corporation loaned the Company $6,000 in exchange for a Promissory Note bearing interest at 10%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		1,443
Investment Firm: $50,000 Note issued on March 12,2014. This corporation loaned the Company $50,00 in exchange for a Promissory Note bearing interest at 10%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	1,547	3,081
Investment Firm $105,000 Note: on August 22, 2014 this entity loaned the Company $105,000 in exchange for a Promissory Note bearing interest at 10% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		2,699
Investment Firm $110,000 Note: on July 18, 2014 this entity loaned the Company $110,000 in exchange for a Promissory Note bearing interest at 8% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	600	72

Investment Firm $100,000 Note: on October 10, 2014 this entity loaned the Company $110,000 in exchange for a Promissory Note bearing interest at 12% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		0.24
Investment Firm $80,000 Note: on April 20, 2014 this entity loaned the Company $80,000 in exchange for a Promissory Note bearing interest at 18% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	45,680	82,465
Investment Firm: $11,027.10 Note issued on February 7,2014. This corporation loaned the Company $11,027.10 in exchange for a Promissory Note bearing interest at 18%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	11,027	24,618
Investment Firm $75,000 Note issued on August 29 and 30, 2012. This corporation loaned the Company $75,000 in exchange for a Promissory Note bearing interest at 18%, $1,500 is pending for funding. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	(0)	14,207
Investment Firm $629,432.50 Note issued on February 10, 2015, March 13, 2015 and March 31, 2015 respectively in principal amounts of $34,438.09, $234,765.28 and $360,229.13 . This corporation loaned the Company $629,432.50 in exchange for a Promissory Note bearing interest at 18%, The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	380,332	491,540
Individual $258,900 Note: on January 2, 2015, July 13, 2015, August 20, 2015, and along the 2015-4Q this entity loaned the Company $19,000, $16,000, $133,000 and $90,000 in exchange for a Promissory Note bearing interest at 18% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible	107,302	105,237

Promissory Notes – Accrued Interest Section of the Company’s balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		
Private Investor: $50,000.00 Note issued on December 5, 2011. This individual loaned the Company $50,000 in exchange for a Promissory Note bearing interest at 8%. On May,2012 $28,000 was paid on the Note. The Lender is allowed to convert the promissory note into Company common shares, The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company’s balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	22,000	22,094
Investment Firm: On April 29, 2014 Notes issued: $21,739.13, $364,130.43, $434,782.61 and $521,739.00. This corporation loaned the Company $1,342,391.17 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company’s balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	176,231	73,920
Investment Firm: $20,000.00 Note issued on August 15, Aug-2011. A corporation loaned the Company $20,000 in exchange for a Promissory Note bearing interest at 5%. The Lender is allowed to convert the promissory note into Company common shares, based on which the Note's buyer, Subsequently the note transferred to a non-affiliated second investment firm, which has converted $7,720.58. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company’s balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		2,496
Investment Firm: $150,000.00 funded $75,000 on July 1, 2014; $75,000 on September 3, 2014 and $34,902.22 (net) on October 22nd 2014. Note issued on May 28, 2014. This corporation agreed to loan the Company $521,739.00 over the times in exchange for a Promissory Note bearing no interest for the first three months. The Lender is allowed to convert the promissory note into Company common shares. No accrued interest payable due to the grace period already mentioned. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company’s balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		817

Investment Firm: $188,000 Note issued on October 8, 2014 $104,000 and November 20, 2014 $84,000. This corporation loaned the Company $188,000 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	41,000	12,401
Investment Firm: $165,000 Note issued on May 22, 2014. This corporation loaned the Company $150,000 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	124,500	27,621
Investment Firm $450,000 Note: on April 24, 2014 this entity loaned the Company $250,000 in exchange for a Promissory Note and on August 27, 2015 $200,000 bearing interest at 18% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	431,400	437,622
Investment Firm $11,500 Note: on May 23rd 2013 this entity loaned the Company $11,500 in exchange for a Promissory Note bearing interest at 18% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	11,500	25,040
Investment Firm: $200,000 Note issued on February 9 2015 This corporation loaned the Company $200,000 in exchange for a Promissory Note bearing interest at 18%. The Lender is allowed to convert the promissory note into Company common shares, The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	66,800	180,410

Investment Firm: $294,000 Note issued on January 13, 2015 and August 27, 2015, $94,000 and $200,000 respectively. This corporation loaned the Company $294,000 in exchange for a Promissory Note bearing interest at 18%. The Lender is allowed to convert the promissory note into Company common shares, The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	294,000	224,880
Private Investor $44,000.00 Note issued on November 15th and December 20th 2012, an individual loaned the Company $44,000 000 in exchange for a Promissory Note bearing interest at 18%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	6,168	32,052
Investment Firm: $8,877 Note issued on June 25, 2012.. This individual loaned the Company $8,877 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares, The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	8,877	5,612
Investment Firm: $150,000 Note issued on March 18, 2014. This corporation loaned the Company $150,000 in exchange for a Promissory Note bearing interest at 18%, plus $4,882.19 financial expenses. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		14,237
Investment Firm: $100,000 Note issued on May 29, 2014. This corporation loaned the Company $95,000 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.		1,506

Investment Firm $110,000 Note: on July 29, ,2014 this entity loaned the Company $110,000 in exchange for a Promissory Note bearing interest at 8% for a term of one year renewable. The Lender is allowed to convert the promissory note into Company common shares. The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	10,000	2,630
Private Investor: $40,000.00 Note issued on June 1, 2012.. This individual loaned the Company $40,000 in exchange for a Promissory Note bearing interest at 8%. The Lender is allowed to convert the promissory note into Company common shares, The accrued interest payable balance on this note and is included in the Convertible Promissory Notes – Accrued Interest Section of the Company's balance sheet was as of September 30 , 2017. Balances are shown net of conversions.	40,000	21,296
TOTAL:	**1,778,964**	**1,809,995**

Other Current Liabilities - The Company had other current liabilities consisting of the following at September 30, 2017:

Payroll Liabilities	56,191
Loans Payable	721,770
Sales Tax Payable	13,068

Note 5 – ADDITIONAL INFORMATION - Stock

Preferred stock

The Company is authorized to issue 15,000,000 shares of preferred stock at a par value $0.001, 2,516,250 shares were issued as of December 31, 2016.

Common stock

The Company is authorized to issue up 8,000,000,000 shares of common stock with a par value of $0.001, under terms and conditions established by the Board of Directors.

The Company had 5,073,788,021 shares of common stock issued and outstanding as of September 30, 2017.

Note 6- Legal Matters

On July 5, 2016 the Company voluntarily filed Form 15 with the SEC in order to cease reporting obligations under Rule 12g-4(a)(2) of the Securities Exchange Act of 1934 (the "Form 15 Filing"). Subsequent to the Form 15 Filing, two (2) debtholders have filed separate legal actions against the Company for the collection of an amount of either cash or common stock to which they believe they are entitled under the terms and conditions of each's respective debt instrument. The Company is defending these legal actions and believes that any subsequent legal outcome or settlement of both or either, would not have a material impact on the financial condition of the Company.

On or about July 15, 2016, an investment firm filed a civil complaint against the Company in the United States District Court for the Eastern District of New York, alleging a breach of a convertible debt instrument in face value of over $75,000. The Company has contested the allegations, and the matter is pending.

On September 23, 2016, an investment firm filed a civil complaint in the United States District Court for the Eastern District of New York against the Company and its Chief Executive Officer alleging a breach and default of a convertible debt instrument in face value of over $75,000. In February 2017, the civil complaint was settled by binding arbitration. No issuance to the investment firm by the Company of capital stock of any class occurs under the settlement.

On January 17, 2017, an investment firm filed a civil complaint against the Company in the Third Judicial District Court of Salt Lake County, State of Utah, alleging breach of the terms and conditions of a convertible debt instrument. The Company contested the allegations. On September 29, 2017, the Third Judicial District Court of Salt Lake County, Utah, ordered an arbitration award to the plaintiff in the amount of $164,563.22. The Company is negotiating with the Plaintiff on settlement of the award.

Note 7 – Subsequent Events – Federal Court Proceeding and Order

On September 14, 2017, the Company entered into a "Settlement Agreement and Stipulation" (the "Agreement") with an Investor providing for the issuance of unrestricted share of the common stock of the Corporation under Section 3(a)10 of the Securities Act of 1933, as amended, in settlement of $866,210.45 in debt owed by the Company to the Investor under several convertible promissory notes included in the September 30, 2017 financial statements of the Company.

On November 2, 2017, the United States District Court For The District of Maryland, Northern Division (the "Federal Court"), issued a federal court order (the "Court Order") as the result of a "Fairness Hearing" conducted on November 1, 2017, Case No. BPG-17-2758, (i) which stated that the Agreement is "hereby approved as fair" to the Investor and to whom the shares will be issued over time, within the meaning of Section 3(a)10 of the Securities Act and that the sale of said shares to the Investor and their resale in the United States by the Investor, assuming satisfaction of all other applicable securities laws and regulation, will be exempt from registration under the Securities Act, and (ii) which ordered compliance with the Agreement by the Corporation and Investor, and (ii) reserved jurisdiction over the Corporation and Investor as well as the subject matter of the Agreement for purposes of contempt and enforcement of the Agreement as well as for such other purposes as allowed by law. As a result of the above, $866,210.45 in principal, accrued interest and fees owed the Investor is hereby to be converted to equity over time and the debt thereby extinguished.