

DIVIDE DRIVES, INC.

UNAUDITED FINANCIAL STATEMENTS,

December 31, 2014

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OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

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ACCOUNTANT'S REPORT

Steve Strasser, President and Chief Executive Officer
Divide Drives, Inc.

We are not independent with respect to Divide Drives, Inc., and the accompanying balance sheet of Divide Drives, Inc. as of December 31, 2014, and the related statements of operations, stockholders' equity (deficit), and cash flows for the year then ended were not audited by us and, accordingly, we do not express an opinion on them.

Osborne Robbins + Buhler, PLLC

April 10, 2015

DIVIDE DRIVES, INC.
BALANCE SHEET
(Unaudited)

December 31, 2014

ASSETS

Current Assets	
Cash	\$ 2,459
Prepaid expenses	396
Total Current Assets	<u>2,855</u>
Total Assets	<u><u>\$ 2,855</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current Liabilities	
Accounts payable	\$ 16,523
Payable to officer/shareholder	3,850
Total Current Liabilities	<u>20,373</u>
Stockholders' Equity (Deficit)	
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; zero shares issued and outstanding	-
Common stock, \$0.001 par value; 395,000,000 shares authorized; 326,790,504 shares issued and outstanding	326,791
Additional paid-in capital	48,993
Accumulated deficit	<u>(393,302)</u>
Total Stockholders' Equity (Deficit)	<u>(17,518)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u><u>\$ 2,855</u></u>

The accompanying notes are an integral part of this financial statement.

DIVIDE DRIVES, INC.
STATEMENT OF OPERATIONS
(Unaudited)

Year ended December 31, 2014

General and administrative expense	\$ 49,440
	<u> </u>
Net Loss	\$ (49,440)
	<u> </u>
Basic and Diluted Loss Per Common Share	(0.00)
	<u> </u>
Weighted-Average Common Shares Outstanding	293,995,983
	<u> </u>

The accompanying notes are an integral part of this financial statement.

DIVIDE DRIVES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

For the Year Ended December 31, 2014

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In	Deficit	Stockholders'
			Capital		Equity
					(Deficit)
Balance - December 31, 2013	111,790,504	\$ 111,791	\$ 220,993	\$ (343,862)	\$ (11,078)
Common stock issued for cash, \$0.0002 per share	215,000,000	215,000	(172,000)	-	43,000
Net loss	-	-	-	(49,440)	(49,440)
Balance - December 31, 2014	<u>326,790,504</u>	<u>\$ 326,791</u>	<u>\$ 48,993</u>	<u>\$ (393,302)</u>	<u>\$ (17,518)</u>

The accompanying notes are an integral part of this financial statement.

DIVIDE DRIVES, INC.
STATEMENT OF CASH FLOWS
(Unaudited)

Year Ended December 31, 2014

Cash Flows From Operating Activities

Net loss	\$ (49,440)
Adjustments to reconcile net loss to net cash used in operating activities	
Changes in assets and liabilities:	
Prepaid expenses	(396)
Accounts payable	<u>13,836</u>
Net Cash Used In Operating Activities	<u>(36,000)</u>

Cash Flows From Investing Activities

-

Cash Flows From Financing Activities

Proceeds from the issuance of common stock	35,000
Receivable from attorney's trust account	<u>3,459</u>
Net Cash Provided By Financing Activities	<u>38,459</u>
Net Increase In Cash	2,459
Cash At Beginning Of Year	<u>-</u>
Cash At End Of Year	<u><u>\$ 2,459</u></u>

Supplemental disclosure of non-cash financing activities:

Advances from officer/shareholder applied to the issuance of common stock	\$ 8,000
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The accompanying notes are an integral part of this financial statement.

DIVIDE DRIVES, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – ORGANIZATION, NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations — Divide Drives, Inc. (the “Company”) was incorporated in the state of Nevada on October 1, 1986. The Company’s original name was Harbor Capital Corporation. The Company’s previous operations were discontinued in 1994 and the Company was dormant from 1994 until May 2006. In May and June 2006, certain shareholders holding a majority of the Company’s outstanding shares of common stock appointed a new board of directors, transferring administrative control of the Company to a new board of directors. The new board of directors appointed new executive officers of the Company. In May 2006, the new board of directors and executive officers revived the Company, filing the required documents with the state of Nevada and appointing a new registered agent. At the time of this change in administrative control, the Company did not have any assets or liabilities. The Company has not yet commenced any formal business operations other than these administrative matters. The Company is a business whose planned principal operations are to locate and acquire an interest in one or more business opportunities. The Company’s activities are subject to significant risks and uncertainties, including failing to locate and acquire an interest in a business opportunity.

Use of Estimates — The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Those standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes — Deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and on the amount of operating loss carryforwards, and are measured using the enacted tax rates and laws that will be in effect when the temporary differences and carryforwards are expected to reverse. An allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized. Assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of general and administrative expense.

Loss Per Share — Loss per share amounts are computed by dividing net loss by the weighted-average number of common shares outstanding during each period. At December 31, 2014, there were no potentially dilutive common stock equivalents.

Fair Values of Financial Instruments — Due to their short-term maturities or demand feature, the amounts reported as accounts payable and payable to officer/shareholder are considered to be reasonable approximations of their fair values.

Subsequent Events — Management of the Company has evaluated subsequent events through April 10, 2015, the date these financial statements were available to be issued.

DIVIDE DRIVES, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

Recently Enacted Accounting Standards – In August 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-15, *Presentation of Financial Statements - Going Concern: Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*, (“ASU 2014-15”). ASU 2014-15 requires management to perform interim and annual assessments on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related disclosures, if required. ASU 2014-15 will be effective for the Company's fiscal year beginning January 1, 2016 and subsequent interim periods. Management is currently evaluating the impact of the pending adoption of ASU 2014-15 on the Company's financial statements.

In June 2014, the FASB issued Accounting Standards Update No. 2014-10, *Development Stage Entities and Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Consolidation* (“ASU 2014-10”), which removed the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. generally accepted accounting principles. In addition, the amendments eliminated the requirements for development stage entities to: (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments also clarify that the guidance for risks and uncertainties is applicable to entities that have not yet commenced planned principal operations.

The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements pertaining to development stage entities are to be applied retrospectively. The amendments related to the disclosure of risks and uncertainties are to be applied prospectively. ASU 2014-10 is effective for the Company for annual reporting periods beginning January 1, 2015, and for the interim periods therein, with early application of each of the amendments permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued. As a result, management adopted ASU 2014-10 as of December 31, 2010, and the effects of the adoption are reflected in the accompanying financial statements and related notes. As described above, the adoption of ASU 2014-10 eliminated certain disclosures of information formerly required of development stage entities, including inception-to-date information in the accompanying statements of operations, cash flows, and stockholders' equity (deficit). The adoption of ASU 2014-10 also combined the amounts of deficit accumulated during the development stage and prior to the development stage into one amount for accumulated deficit in stockholders' equity (deficit). The elimination of these disclosure requirements had no other effect on the amounts reported for total assets, liabilities, stockholders' equity (deficit), net loss, or loss per common share.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 will be effective for the Company retrospectively

DIVIDE DRIVES, INC.
NOTES TO FINANCIAL STATEMENTS
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beginning January 1, 2017, with early adoption not permitted. Management is currently evaluating the impact of the pending adoption of ASU 2014-09 on the Company's financial statements.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"), to provide guidance on the presentation of unrecognized tax benefits. ASU 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 is effective January 1, 2015 with earlier adoption permitted. ASU 2013-11 should be applied prospectively with retroactive application permitted. Management is currently evaluating the impact of the pending adoption of ASU 2013-11 on the Company's financial statements.

Business Condition – The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has incurred losses from operating during the year ended December 31, 2014, and has not yet established profitable operations. Furthermore, as of December 31, 2014, the Company had negative working capital and a stockholders' deficit. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard, management's plans include merging with an operating company and raising additional funds to meet its ongoing expenses through private placement of its equity securities. There is no assurance that the Company will be successful in merging with an operating company or raising sufficient additional capital, and if so, on terms favorable to the Company. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 2 – RELATED-PARTY TRANSACTIONS

In May 2006, a new officer and shareholder of the Company advanced \$11,850 to the Company for the payment of the costs to revive the Company and ongoing expenses. The payable to the officer/shareholder is due on demand. In January 2014, \$8,000 of this payable was applied toward the purchase of common stock by the officer/shareholder.

Commencing in May 2006, the Company's cash was deposited into and expended out of the trust account of the Company's outside legal counsel, who also served as a member of the board of directors from May 2006 to January 2014. The balance of the Company's cash in the trust account was \$3,459 as of December 31, 2013 and was reported as "receivable from attorney's trust account". In March 2014, the balance of the Company's cash was returned to the Company and legal counsel is no longer holding any of the Company's cash in its trust account.

The Company neither owns nor leases any real or personal property. Office services are provided without charge by an officer and shareholder of the Company. Such costs are not significant to the financial statements and, accordingly, have not been reflected therein.

DIVIDE DRIVES, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 3 – COMMON STOCK

Amendment and Restatement of Articles of Incorporation

On February 11, 2014, by joint written consent of shareholders holding a majority of the outstanding shares of the Company's common stock and of the directors of the Company, the articles of incorporation of the Company were amended and restated to increase the number of authorized shares of common stock of the Company to 395 million shares. The Amended and Restated Articles of Incorporation were filed with the state of Nevada on February 11, 2014.

Common Stock Issued for Cash and Settlement of Payable to Officer/Shareholder

In February and March 2014, the Company issued 215,000,000 shares of common stock for cash of \$35,000 and for settlement of payable to officer/shareholder of \$8,000, or \$0.0002 per share.

NOTE 4 – INCOME TAXES

At December 31, 2014, the Company had net operating losses available for carry forward in the amount of \$60,518. These net operating losses expire starting in 2026 through 2034. The utilization of the net operating losses is dependent upon the tax laws in effect at the time such losses can be utilized. A significant change of ownership or control of the Company could cause the utilization of net operating losses to be limited. No income tax benefit or deferred tax asset has been recorded in the financial statements because it has not yet been determined to be more likely than not that such tax benefits will be realized.

The components of net deferred tax assets were as follows at December 31, 2014:

Deferred tax asset - Operating loss carry forwards	\$ 20,576
Valuation allowance	<u>(20,576)</u>
Net deferred tax asset	<u>\$ -</u>

The valuation allowance increased by \$16,809 during the year ended December 31, 2014.

The following is a reconciliation of the income tax benefit computed at the statutory federal rate of 34% to income tax expense included in the accompanying financial statements for the year ended December 31, 2014:

Income tax benefit at statutory rate (34%)	\$ 16,809
Change in valuation allowance	<u>(16,809)</u>
Income tax expense	<u>\$ -</u>

The Company is currently required to file tax returns in the U.S. federal and Utah state jurisdictions, and was formerly required to file tax returns in other state jurisdictions during the years through 1994. To the best of management's knowledge, the Company is no longer subject to U.S. federal and state tax examinations for tax years before and including July 31, 1993. During the year ended December 31, 2014, the Company did not incur or recognize any interest or penalties.

DIVIDE DRIVES, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 5 – SUBSEQUENT EVENTS

Payment of Accounts Payable by Officer/Shareholder

In February 2015, an officer/shareholder of the Company paid \$16,000 to the Company's legal counsel to satisfy the Company's outstanding account payable for legal services in the year ended December 31, 2014. The payment has been accounted for as an increase in the payable to officer/shareholder on the balance sheet and a corresponding reduction in accounts payable.

Common Stock Issued for Cash

In February 2015, the Company received \$12,000 in cash for the issuance of 39,999,999 shares of common stock, or \$0.0003 per share.