Zero Gravity Solutions, Inc.

Financial Statements

March 31, 2015

ZERO GRAVITY SOLUTIONS, INC. AND SUBSIDIARIES

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ZERO GRAVITY SOLUTIONS, INC. AND SUBSIDIARY

Consolidated Balance Sheets

	March 31, 2015	December 31, 2014
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	$ 577,772	$ 253,677
Prepaid Expenses	180,524	213,781
Accounts Receivable	830	1,325
Inventory	25,103	18,592
Total Current Assets	784,229	487,375
Property and Equipment - net	45,572	44,142
OTHER ASSETS		
Deposit	6,756	6,356
Advance on Future Royalties - Related Parties	83,930	50,356
TOTAL ASSETS	$ 920,487	$ 588,229
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 118,480	$ 155,960
Notes Payable Related Party	-	11,000
Notes Payable	69,760	104,647
Total Current Liabilities	188,240	271,607
STOCKHOLDERS' EQUITY		
Common stock; 100,000,000 shares authorized, at $0.001 par value, 33,507,847 and 30,844,597 shares issued and outstanding, respectively	33,508	30,845
Common stock to be issued	-	25,000
Additional paid-in capital	6,295,332	4,748,285
Accumulated other comprehensive loss	(9,408)	(1,847)
Accumulated deficit	(5,587,185)	(4,485,661)
Total Stockholders' Equity	732,247	316,622
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 920,487	$ 588,229

See accompanying notes to consolidated financial statements

ZERO GRAVITY SOLUTIONS, INC. AND SUBSIDIARY

Consolidated Statements of Operations and Other Comprehensive Loss

(unaudited)

	Three Months Ended March 31,	
	2015	2014
REVENUES		
Sales	$ -	$ -
Total Revenue	$ -	$ -
COST OF SALES		
Cost of Materials	-	-
Total Cost of Sales	-	-
GROSS PROFIT	-	-
OPERATING EXPENSES		
General and Administrative	$ 1,092,142	$ 525,566
Research and Development	8,100	25,774
Total Operating Expenses	1,100,242	551,340
LOSS FROM OPERATIONS	(1,100,242)	(551,340)
OTHER EXPENSES		
Interest Expense	(1,282)	(572)
Total Other Income (Expenses)	(1,282)	(572)
NET LOSS	$ (1,101,524)	$ (551,912)
NET LOSS PER SHARE - BASIC AND DILUTED	$ (0.03)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	32,539,433	26,164,382
OTHER COMPREHENSIVE LOSS		
Net Loss	$ (1,101,524.00)	$ (551,912.00)
Foreign currency translation loss	(7,561)	(471)
COMPREHENSIVE LOSS	$ (1,109,085)	$ (552,383)

See accompanying notes to consolidated financial statements

ZERO GRAVITY SOLUTIONS, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,101,524)	$ (551,912)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	1,434	-
Common stock issued for services	50,000	25,000
Warrants issued for services	291,710	141,530
Imputed interest - related party	-	33
Changes in operating assets and liabilities:		
Receivables	495	-
Prepaids	33,257	(4,132)
Advance on future royalties - related parties	(33,574)	(7,500)
Inventory	(6,511)	-
Deposit	(400)	-
Due from related party	-	-
Accounts payable and accrued liabilities	(37,480)	(42,838)
Accrued interest	-	(1,143)
Net Cash Used in Operating Activities	(802,593)	(440,962)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Cash paid to purchase equipment	(2,864)	(2,838)
Net Cash Used in Investing Activities	(2,864)	(2,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	-
Payments of notes payable	(34,887)	-
Repayment on notes payable - related party	(11,000)	(26,000)
Proceeds from sale of common stock	1,278,500	398,000
Payment of offering costs	(95,500)	(33,900)
Net Cash Provided by Financing Activities	1,137,113	338,100
EFFECT OF EXCHANGE RATES ON CASH	(7,561)	(471)
NET (DECREASE) INCREASE IN CASH	324,095	(106,171)
CASH AT BEGINNING OF PERIOD	253,677	292,935
CASH AT END OF PERIOD	$ 577,772	$ 186,764
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ -	$ -
Income Taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Warrants issued as direct offering costs	$ 87,355	$ 51,036

See accompanying notes to consolidated financial statements

NOTE 1 – ORGANIZATION, HISTORY AND NATURE OF OPERATIONS

The Company was organized on August 19, 1983 in the State of Delaware, under the name Monolith Ventures, Inc. to acquire and develop mineral properties.

On January 12, 2012, the Company amended its Articles of Incorporation to change its name to ElectroHealing Technologies, Inc. under the laws of the State of Nevada, in anticipation of a merger which did not occur.

On January 11, 2013, the Company amended its Articles of Incorporation to change its name to Zero Gravity Solutions, Inc. ("the Company") ("ZGSI"), pursuant to the acquisition of intellectual property on December 3, 2012.

On October 29, 2013, the Company formed its wholly-owned subsidiary in the State of Delaware, Zero Gravity Solutions, Inc., which had no operations through December 31, 2013.

On December 16, 2013, the Company acquired 100% of Zero Gravity Solutions, Ltd. ("ZGSL"). This was a dormant U.K. company, which had no operations prior to acquisition and through December 31, 2013.

On June 13, 2014, the Company formed its wholly-owned subsidiary in the State of Florida, Bam Agricultural Solutions, Inc.

On August 19, 2014, the Company formed its wholly-owned subsidiary in the U.K., Bam Agricultural Solutions, Ltd.

On December 17, 2014, the Company formed its wholly-owned subsidiary in the State of Florida, Zero Gravity Life Sciences, Inc.

The Company owns proprietary technology for its first commercial product, BAM-FX™ that can boost the nutritional value and enhance the immune system of food crops without the use of Genetic Modification.

The Company's mission is to improve life on earth by applying intellectual property and technology designed for and derived from six NASA enabled flights over the last five years through utilization of the unique long-term microgravity environment platform of the International Space Station (ISS). The Company's initial projects will be directed to providing solutions to critical world food crop challenges.

Further, the Company is focused on industrializing and commercializing scientific breakthroughs in the area of patentable stem cell technologies through developing advances in plant, animal and human biology based on intellectual property designed for and derived from multiple experiments on the ISS.

Basis of Presentation

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a

comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the period ended March 31, 2015, are not necessarily indicative of results for the full fiscal year. These unaudited financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents at March 31, 2015 and December 31, 2014.

Use of Estimates

In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the statement of operations. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of Zero Gravity Solutions, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Inventory

Inventory is valued on a lower of first-in, first out (FIFO) cost or market basis. At March 31, 2015 raw materials on hand was $8,962 and finished product inventory was valued at $16,141.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed on a straight-line basis over estimated useful lives. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges taken during the period ended March 31, 2015.

Fair Value of Financial Instruments and Derivative Financial Instruments

The Company applies the accounting guidance under Financial Accounting Standards Board (“FASB”) ASC 820-10, *“Fair Value Measurements”*, as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in

an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- Level 1 – quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of the Company's short-term financial instruments, accounts payable and accrued liabilities and notes payable – related party, approximate fair value due to the relatively short period to maturity for these instruments.

Stock based compensation

We account for stock options in accordance with Accounting Standards Codification ("ASC") 718: Compensation - Stock Compensation ("ASC 718"). ASC 718 requires generally that all equity awards be accounted for at their "fair value." This fair value is measured on the grant date for stock-settled awards, and at subsequent exercise or settlement for cash-settled awards. Fair value is equal to the underlying value of the stock for "full-value" awards such as restricted stock and performance shares, and estimated using an option-pricing model with traditional inputs for "appreciation" awards such as stock options and stock appreciation rights.

Costs equal to these fair values are recognized ratably over the requisite service period based on the number of awards that are expected to vest, or in the period of grant for awards that vest immediately and have no future service condition. For awards that vest over time, cumulative adjustments in later periods are recorded to the extent actual forfeitures differ from our initial estimates: previously recognized compensation cost is reversed if the service or performance conditions are not satisfied and the award is forfeited. The expense resulting from share-based payments is recorded in general and administrative expense.

Basic (Loss) per Common Share

Basic (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

The Company had the following potential common stock equivalents at March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31. 2014
Stock Warrants (Exercise price - $.50/share) (see Note 5)	2,746,900	1,926,900
Total common stock equivalents	2,746,900	1,926,900

Research and Development

The Company expenses all research and development costs as incurred for which there is no alternative future use.

Foreign Currency Transactions

The consolidated financial statements are presented in United States Dollars. The Company has a bank account in foreign currency. The balance of this bank account was translated from its local currency (British Pounds) into the reporting currency, U.S. dollars, using period end exchange rates. The resulting translation adjustments were recorded as a separate component of accumulated other comprehensive loss. Revenues and expenses were translated using weighted average exchange rate for the period.

Transaction gains and losses resulting from foreign currency transactions were recorded as foreign exchange gains or losses in the consolidated statement of operations. The Company did not enter into any financial instruments to offset the impact of foreign currency fluctuations.

Income Taxes

The Company accounts for income taxes in accordance with accounting guidance now codified as FASB ASC Topic 740, "*Income Taxes*," which requires that the Company recognize deferred tax liabilities and assets based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities, using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit (expense) results from the change in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all deferred tax assets will not be realized.

Accounting guidance now codified as FASB ASC Topic 740-20, *"Income Taxes – Intraperiod Tax Allocation,"* clarifies the accounting for uncertainties in income taxes recognized in accordance with FASB ASC Topic 740-20 by prescribing guidance for the recognition, de-recognition and measurement in financial statements of income tax positions taken in previously filed tax returns or tax positions expected to be taken in tax returns, including a decision whether to file or not to file in a particular jurisdiction. FASB ASC Topic 740-20 requires that any liability created for unrecognized tax benefits is disclosed. The application of FASB ASC Topic 740-20 may also affect the tax bases of assets and liabilities and therefore may change or create deferred tax liabilities or assets. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

At March 31, 2015 and December 31, 2014, the Company did not record any liabilities for uncertain tax positions.

NOTE 3 – GOING CONCERN

As reflected in the accompanying financial statements, the Company has an accumulated deficit of $5,587,185 and net cash used in operations of $802,593 for the period ended March 31, 2015.

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established any source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include obtaining capital from certain related parties, management and significant shareholders and through private placement of securities sufficient to meet its minimal operating expenses. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – RELATED PARTY TRANSACTIONS AND COMMITMENTS

(A) *Notes Payable*

		Interest Rate	Maturity Date	March 31, 2015	December 31, 2014
(1)	Note Payable - related party	10%	Due on Demand	--	11,000
	Total			$ --	$ 11,000

(1) During the year ended December 31, 2013, a board of director advanced $15,000 to the Company. The advance bears interest at 10%, was unsecured and due on demand. The outstanding note balance at March 31, 2015 was fully paid.

(B) Commitments

During the year ended December 31, 2013, the Company entered into a royalty agreement having a term of 75 years, with a principal stockholder and a relative of the principal stockholder, whereas the Company is required to pay royalty fees based on a percentage of gross sales. As of March 31, 2015, the Company advanced a total of $83,930 to offset future royalties to be earned. Sales requiring royalties of $467 have occurred as of March 31, 2015.

NOTE 5 – EQUITY

(A) Common Stock Issued for Cash

Period Ended March 31, 2015

The Company issued 2,507,000 shares of common stock for $1,253,500 ($0.50/share) and 6,250 shares of common stock for $25,000 ($4.00/share).

(B) Direct Offering Costs

Period Ended March 31, 2015

During the three months ended March 31, 2015, the Company issued 2,507,000 shares of common stock for $1,253,500 ($0.50/share) and issued 6,250 shares of common stock for $25,000 ($4.00/share) The Company paid direct offering costs of $95,500 (5% or 10% of gross proceeds). As a result of the offering, the Company also issued 189,000 fully vested, non-forfeitable warrants as a direct offering cost, which had no effect on the statement of stockholders' equity and had a fair value of $87,355 (see Note 5(G) for additional details) based upon the following management assumptions:

Exercise price	$ 0.50
Expected dividends	0%

Expected volatility	157.54%
Risk free interest rate	1.18% - 1.50%
Expected life of warrants	5 years

(F) Warrants issued for Services

Period Ended March 31, 2015

During the period ended March 31, 2015, the Company issued 631,000 fully vested, non-forfeitable warrants to employees and consultants for services having a fair value of $291,710 based upon the following management assumptions:

Exercise price	$ 0.50
Expected dividends	0%
Expected volatility	157.54%
Risk free interest rate	1.46% - 1.76%
Expected life of warrants	5 years

(G) Warrants

The following is a summary of the Company's warrant activity:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Outstanding - December 31, 2014	**1,926,900**	**0.50**	**4.6**
Granted	**820,000**	**0.50**	**5**
Exercised			
Cancelled/Forfeited			
Outstanding - March 31, 2015	**2,746,900**	**0.5**	**4.6**
Exercisable - March 31, 2015	**2,746,900**	**0.5**	**4.6**

As of March 31, 2015:

Exercise Price	Warrants Outstanding	Warrants Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
$0.50	2,746,900	2,746,900	4.6 years	
	2,746,900	2,746,900	4.6 years	

(H) Common Stock Issued for Services

During the period ended March 31, 2015, the Company issued 100,000 shares of common stock to employees for services having a fair value of $50,000 ($0.50/share) based upon the most recent cash offering price.

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated for subsequent events between the balance sheet date of March 31, 2015 and May 15, 2015, the date the financial statements were available to be issued, and concluded that events or transactions occurring during that period requiring recognition or disclosure have been made.

Warrants Associated with offering costs

As a result of 6,250 shares issued under our new private placement in March 2015, the Company also issued 417 fully vested non-forfeitable warrants as direct offering costs, and 3,125 fully vested non-forfeitable warrants associated with the number of shares. These warrants had no net effect on the statement of stockholders' equity and had a fair value of $1,638 based upon the following management assumptions:

Exercise price	$ 0.50
Expected dividends	0%
Expected volatility	157.54%
Risk free interest rate	1.51%
Expected life of warrants	5 years

Board of Directors

On April 15, 2015, by unanimous approval of the Company's Board of Directors, the following modifications were made to the Company's By-Laws: 1) the date of the Company's annual stockholder meeting date was changed from the second Wednesday of April to a date on or before October 31 of that fiscal year; 2) the notification period for a Board of Directors meeting was reduced from three to two business days; and 3) correction of certain typographical errors.