

REVENGE DESIGNS, INC. AND SUBSIDIARY
(A Development Stage Company)

FINANCIAL STATEMENTS
JULY 31, 2015

(UNAUDITED)

REVENGE DESIGNS, INC. AND SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	July 31, 2015 (Unaudited)	January 31, 2015 (Unaudited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,332	\$ -
Prepaid expenses	-	10,000
Inventory	55,844	-
Total Current Assets	<u>59,176</u>	<u>10,000</u>
Non-Current Assets		
Furniture and equipment	6,750	2,500
Intangible assets	900,000	900,000
Total Non-Current Assets	<u>906,750</u>	<u>902,500</u>
Total Assets	<u><u>\$ 965,926</u></u>	<u><u>\$ 912,500</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 140,404	\$ 13,454
Accrued interest	815	-
Payable to shareholder	18,327	-
Notes payable	33,750	21,750
Total Current Liabilities	<u>193,296</u>	<u>35,204</u>
Non-Current Liabilities		
Notes payable	52,700	-
Total Non-Current Liabilities	<u>52,700</u>	<u>-</u>
Total Liabilities	<u>245,996</u>	<u>35,204</u>
Stockholders' Equity:		
Preferred Stock, 5,000,000 shares authorized, and no shares issued @ \$.001 par value	-	-
Common Stock, \$.00001 par value, 500,000,000 shares authorized, 59,447,072 and 175,152,072 shares outstanding at July 31, 2015 and January 31, 2015	594	1,751
Additional paid-in capital	3,949,801	3,948,644
Deficit accumulated during development stage	<u>(3,230,465)</u>	<u>(3,073,099)</u>
Total Stockholders' Equity	<u>719,930</u>	<u>877,296</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 965,926</u></u>	<u><u>\$ 912,500</u></u>

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

REVENGE DESIGNS, INC. AND SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Month Periods Ended		Six Month Periods Ended		Inception to
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014	July 31, 2015
Revenue, net	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-
Gross (loss) profit	-	-	-	-	-
Operating Expenses:					
General and administrative expenses	96,748	4,350	156,551	8,700	3,229,650
Total operating expenses	96,748	4,350	156,551	8,700	3,229,650
Loss from operations	(96,748)	(4,350)	(156,551)	(8,700)	(3,229,650)
Other Expense					
Interest expense	815	-	815	-	815
Total Other Expense	815	-	815	-	815
Net loss	\$ (97,563)	\$ (4,350)	\$ (157,366)	\$ (8,700)	\$ (3,230,465)
Net (loss) income per share:					
Basic	\$ (0.0010)	\$ (0.000)	\$ (0.001)	\$ (0.000)	
Diluted	\$ (0.0010)	\$ (0.000)	\$ (0.001)	\$ (0.000)	
Weighted average number of shares outstanding:					
Basic	93,262,289	375,152,538	122,803,950	375,152,538	
Diluted	93,262,289	375,152,538	122,803,950	375,152,538	

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

REVENGE DESIGNS, INC. AND SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)

	<u>Common Stock</u>		<u>Additional</u>	<u>Total</u>	<u>Stockholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Accumulated</u>	<u>Equity</u>
				<u>Deficit</u>	<u>(Deficit)</u>
Balance January 31, 2013	375,152,538	\$ 3,751	\$ 3,034,144	\$ (3,037,895)	\$ -
Net Loss for the period ended January 31, 2014	-	-	-	(16,754)	(16,754)
Balance January 31, 2014	375,152,538	3,751	3,034,144	(3,054,649)	(16,754)
Retire shares of Omega Mercantile	(275,000,000)	(2,750)	2,750	-	-
Issuance of shares for acquisition of Cartel Blue	75,000,000	750	911,750	-	912,500
Adjustment for shares outstanding	(466)	-	-	-	-
Net Loss for the period ended January 31, 2015	-	-	-	(18,450)	(18,450)
Balance January 31, 2015	175,152,072	1,751	3,948,644	(3,073,099)	877,296
Adjustment for shares outstanding	(72)	-	-	-	-
Cancellation of 115,704,928 shares	(115,704,928)	(1,157)	1,157	-	-
Net Loss for the six months ended July 31, 2015	-	-	-	(157,366)	(157,366)
Balance July 31, 2015	<u>59,447,072</u>	<u>\$ 594</u>	<u>\$ 3,949,801</u>	<u>\$ (3,230,465)</u>	<u>\$ 719,930</u>

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

REVENGE DESIGNS, INC. AND SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	<u>July 31, 2015</u>	<u>July 31, 2014</u>	<u>Inception to July 31, 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	\$ (157,366)	\$ (8,700)	\$ (3,230,465)
Adjustments to reconcile net loss to net cash used in operating activities:			
(Increase) / decrease in assets:			
Prepaid expenses	10,000	-	-
Inventory	(55,844)	-	(55,844)
Increase/ (decrease) in current liabilities:			
Accounts payable and accrued expenses	127,765	1,800	141,219
Payable to shareholder	18,327	-	18,327
Total Adjustments	<u>100,248</u>	<u>1,800</u>	<u>103,702</u>
Net cash used in operating activities	<u>(57,118)</u>	<u>(6,900)</u>	<u>(3,126,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	<u>(4,250)</u>	<u>-</u>	<u>(4,250)</u>
Net cash used in investing activities	<u>(4,250)</u>	<u>-</u>	<u>(4,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	64,700	6,900	86,450
Proceeds from issuance of common stock	<u>-</u>	<u>-</u>	<u>3,047,895</u>
Net cash provided by financing activities	<u>64,700</u>	<u>6,900</u>	<u>3,134,345</u>
Net increase in cash and cash equivalents	3,332	-	3,332
Cash and cash equivalents, beginning balance	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, ending balance	\$ <u><u>3,332</u></u>	\$ <u><u>-</u></u>	\$ <u><u>3,332</u></u>
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Income tax payments	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	
Interest payments	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	
Supplemental schedule of non-cash financing activities:			
Cancellation of 115,704,928 shares of common stock	\$ <u><u>1,157</u></u>	\$ <u><u>-</u></u>	

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

Revenge Designs, Inc. and Subsidiary
(A Development Stage Enterprise)
Notes to the Consolidated Financial Statements
As of July 31, 2015
(Unaudited)

1. Company Information

Revenge Designs Inc., a Nevada corporation, is a development stage entity that operates through its wholly-owned subsidiary Cartel Blue, Inc. Cartel Blue is a Los Angeles based and eco-friendly apparel company that utilizes high quality fabrics and designs with contemporary and edgy marketing strategies in conjunction with popular and unique celebrities in the film, television and music industries.

The company primarily manufactures and markets eco-friendly cotton premium jeans and tops for both men and women. Cartel Blue manufactures all of its apparel products in the United States of America while utilizing the best in class of fabric suppliers and apparel designers.

In addition, the Company has certain intellectual property related to apparel design. It plans to develop this intellectual property.

2. Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit of \$3,230,465 as of July 31, 2015.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues.

The financial statements do not include any adjustments that might be necessary if

the Company is unable to continue as a going concern.

3. **Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated financial statements were prepared in conformity with generally accepted accounting principles in the United States ("US GAAP").

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to U.S. GAAP rules and regulations for presentation of interim financial information. Therefore, the unaudited condensed interim financial statements should be read in conjunction with the unaudited annual financial statements for the year ended January 31, 2015. Current and future financial statements may not be directly comparable to the Company's historical financial statements. Accordingly, the results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the full year.

Development Stage Company

The Company is a development stage company as defined by Accounting Standards Codification ("ASC") 915-10-20 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification. Although the Company has recognized some nominal amount of income since inception, the Company is still devoting substantially all of its efforts on establishing the business and, therefore, still qualifies as a development stage company. All losses accumulated since inception has been considered as part of the Company's development stage activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include collectability of accounts receivable, accounts payable, sales returns and recoverability of long-term assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities less than or equal to three months at the date of purchase to be cash and cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value, and consist of bank deposits and certificates of deposit that are readily convertible into cash. The Company maintains its cash deposits and cash equivalents at well-known, stable financial institutions and is covered by insurance.

Inventory

Inventories are valued at the lower of cost (determined on a weighted average basis) or

market. Management compares the cost of inventories with the market value and allowance is made to write down inventories to market value, if lower. As of July 31, 2015, inventory only consisted of raw materials.

Research and Development Expenses

Expenditures for research, development, and engineering of products are expensed as incurred.

Revenue and Cost Recognition

The Company has no current source of revenue; therefore the Company has not yet adopted any policy regarding the recognition of revenue or costs associated with such revenue streams. Operating expenses recognized in the Statement of Operations are expensed as incurred.

Advertising Costs

The Company's policy regarding advertising is to expense advertising costs when incurred. No advertising costs were incurred for the for the three and six months period ending July 31, 2015.

No Items of Other Comprehensive Income or Loss

The Company has no items of other comprehensive income or loss for the six months ended July 31, 2015. Therefore, the net loss as presented in the Company's Statement of Operations equals comprehensive loss.

Income Taxes

The Company uses the asset and liability method to account for income taxes as prescribed by ASC 740, Income Taxes. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense (benefit) is the result of changes in deferred tax assets and liabilities. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates in the period during which they are signed into law.

The Company may recognize the tax benefit from an uncertain tax position claimed on a tax return only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative standards issued by FASB also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Under ASC 740, Income Taxes, a valuation allowance is required when it is more likely than not that all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income. Failure to achieve forecasted taxable income in applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an

increase in the Company's effective tax rate on future earnings.

Earnings (Loss) Per Share

Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and the conversion of notes payable to common stock. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation. At July 31, 2015, the Company did not have any potentially dilutive common shares.

	Three Month Period Ended		Six Month Period Ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
Net loss	\$ (97,563)	\$ (4,350)	\$ (157,366)	\$ (8,700)
Weighted average number of shares used in computing basic and diluted net loss per share:				
Basic and diluted	93,262,289	375,152,538	122,808,950	375,152,538
Net loss per share:				
Basic and diluted	\$ (0.001)	\$ (0.000)	\$ (0.001)	\$ (0.000)

Fair Value of Financial instruments

For certain of the Company's financial instruments, including cash and equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, “Distinguishing Liabilities from Equity,” and ASC 815.

As of July 31, 2015 and January 31, 2015, the Company did not identify any assets and liabilities that are required to be presented on the balance sheet at fair value.

Recently Issued Accounting Pronouncements

There have been no new accounting pronouncements during the six months ended July 31, 2015 that we believe would have a material impact on our financial position or results of operations.

4. Income Taxes

For the six month period ending July 31, 2015, the Company incurred a net operating loss of \$157,366 and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At January 31, 2015, the Company had \$3,073,099 of federal and state operating loss carryforwards. Based on the available objective evidence, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at July 31, 2015 and January 31, 2015.

The Company did not have any temporary differences for the six months period ended July 31, 2015 and 2014. The Company is subject to U.S. federal and state income tax examinations by tax authorities for the period ended January 31, 2013, 2014 and 2015.

5. Related Party Transactions

During the six months ended July 31, 2015, the Company received loans from the president of the Company in the amount \$52,700 with interest at 8% per annum and due in 12 months from the date of the notes. Notes will mature from February 2016 to July 2016. Interest accrued on the notes payable were \$752 as of July 31, 2015.

The above related party also provided working capital of \$18,327 as of July 31, 2015 and had amount payable for \$18,327.

6. Equity

Common Stock

In November 2012, the Company issued 275 million of its common shares in the acquisition of Omega Mercantile, Ltd. In addition, the Company issued 100,100,000 shares of its common stock in payment of accrued liabilities totaling \$64,675.

At January 31, 2015 the Company had completed agreements to effect the retirement of the 275,000,000 shares of stock of Omega Mercantile and for the acquisition of Cartel Blue Inc. and its assets in exchange for 75,000,000 shares of the Company. Due to these two events concluding shortly after the year end and prior to the filing of these financial

statements, the \$912,500 of assets of Cartel Blue Inc. and the current shares outstanding are being reflected in the consolidated balance sheets for the year ending January 31, 2015. At January 31, 2015 there were a net total of 175,152,072 shares issued and outstanding.

During the six months ended July 31, 2015, 115,704,928 common shares were cancelled and at July 31, 2015 there were a total of 59,447,072 common shares issued and outstanding.

7. Notes Payable

As of July 31, 2015 and January 31, 2015, the Company had the following notes payable.

Description	July 31, 2015	January 31, 2015
Note payable with interest at 0% per annum due on demand.	\$ 21,750	\$ 21,750
Note payable with interest at 6% per annum due on June 26, 2016.	12,000	-
Notes payable with interest at 8% per annum due from February 15, 2017 and July 31, 2017.	52,700	-
Total	<u>\$ 86,450</u>	<u>\$ 21,750</u>

Interest expenses as of July 31, 2015 was \$815.

8. Commitments and Contingencies

Commitments

On June 1, 2015 the Company entered into a lease agreement for its office space, the lease commenced on June 1, 2015 for twelve months at a cost of \$2,950 per month. As of July 31, 2015, total rent expense was \$8,900.

9. Subsequent Events

Management has evaluated events subsequent through September 5, 2015 for transactions and other events that may require adjustment of and/or disclosure in such financial statements. Management determined that there were no reportable subsequent events to be disclosed.