ISLET HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

AND THE SIX MONTHS ENDED JUNE 30, 2015

ISLET HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
FOR THE PERIOD ENDED

	JUNE 30, 2015	DECEMBER 31, 2014
ASSETS		
CURRENT ASSETS		
PREPAID EXPENSES	$ 15,100	$ -
OTHER ASSETS		
INTELLECTUAL PROPERTY	246,000	276,750
LICENSE AND SUPPLY AGREEMENT	484,700	-
TOTAL ASSETS	$ 745,800	$ 276,750
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 84,040	$ 63,587
ACCRUED INTEREST	87,493	51,460
ACCRUED WAGES	39,118	33,072
NOTES PAYABLE	100,800	100,800
NOTES PAYABLE-RELATED PARTY	200,000	-
HIGH YIELD DEVENTURES PAYABLE	910,000	-
TOTAL	1,421,451	248,919
STOCKHOLDERS' EQUITY		
PREFERRED STOCK, $.0001 PAR VALUE; 100,000,000 SHARES AUTHORIZED; NO SHARES ISSUED OR OUTSTANDING	-	-
COMMON STOCK $.0001 PAR VALUE; 1,000,000,000 AUTHORIZED, 199,699,949 AND 149,999,949 ISSUED AND OUTSTANDING	20,620	15,000
ADDITIONAL PAID IN CAPITAL	12,316,909	12,266,329
ACCUMULATED DEFICIT	(13,013,180)	(12,253,498)
TOTAL STOCKHOLDERS' EQUITY	(675,651)	27,831
TOTAL	$ 745,800	$ 276,750

SEE FOOTNOTES TO FINANCIAL STATEMENTS

ISLET HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE PERIODS ENDED

	SIX MONTHS ENDED JUNE 30, 2015	SIX MONTHS ENDED JUNE 30, 2014
INCOME	$ -	$ -
EXPENSES		
ACCOUNTING	1,000	500
ADVERTISING/PROMOTION	-	4,000
AMORTIZATION	30,750	30,750
CONSULTING	34,900	500
LEGAL	27,500	120,000
LEGAL FILINGS	4,700	180
MISCELLANEOUS	-	133
OFFICE	8,800	340
RENT	4,500	7,450
SALARIES	6,000	39,900
TRAVEL	-	1,856
TELEPHONE	-	250
TOTAL	118,150	198,409
NET (LOSS) FROM OPERATIONS	(118,150)	(198,409)
OTHER INCOME/(EXPENSE)		
INTEREST	(641,532)	(5,470)
PARTIAL SETTLEMENT OF LAWSUIT	-	140,000
SALE OF STOCK FROM LAWSUIT	-	(3,871)
TOTAL OTHER INCOME/(EXPENSES)	(641,532)	130,659
NET LOSS	$ (759,682)	$ (67,750)
BASIC LOSS PER COMMON SHARE	#REF!	$ (0.001)
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	#REF!	94,808,249

SEE FOOTNOTES TO FINANCIAL STATEMENTS

ISLET HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED

	SIX MONTHS ENDED JUNE 30, 2015	SIX MONTHS ENDED JUNE 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS FOR THE PERIOD	$ (759,682)	$ (67,750)
EXPENSE ITEMS NOT REQUIRING CASH FLOW:		
AMORTIZATION	30,750	30,750
ADJUSTMENTS TO WORKING CAPITAL ITEMS:		
INCREASE/DECREASE IN FMV OF TRADING SECURITIES	-	(10,442)
INCREASE/DECREASE IN PREPAID EPENSES	(15,100)	-
DECREASE/INCREASE IN ACCOUNTS PAYABLE	20,453	36,000
DECREASE/INCREASE IN INTEREST PAYABLE	36,033	5,470
DECREASE/INCREASE IN ACCRUED WAGES	6,046	(6,356)
NET INCREASE/DECREASE IN WORKING CAPITAL ITEMS:	47,432	35,114
NET CASH FLOW FROM OPERATING ACTIVITIES:	(681,500)	(12,328)
CASH FLOWS FROM FINANCING ACTIVITIES:		
STOCK ISSUANCE FOR PAYMENT OF SERVICES		109,000
STOCK ISSUANCE FOR PURCHASES OF ASSETS	56,200	-
ISSUANCE OF NOTE PAYABLE	200,000	-
ISSUANCE OF HIGH YIELD DEBENTURES	910,000	
SALES OF STOCK AVAILABLE FOR SALE	-	43,583
NET CASH FLOWS FROM FINANCING ACTIVITIES:	1,166,200	152,583
CASH FLOWS FROM INVESTING ACTIVITIES:		
PURCHASE OF LONG TERM ASSET	(484,700)	-
STOCK ACQUIRED FROM PARTIAL SETTLEMENT OF LAWSUIT	-	(140,000)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(484,700)	(140,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	255
CASH EQUIVALENTS AT BEGINNING OF PERIOD	-	-
CASH EQUIVALENTS AT END OF PERIOD	$ -	$ 255
CASH PAID FOR:		
TAXES	$ -	$ -
INTEREST	$ -	$ -

SEE FOOTNOTES TO FINANCIAL STATEMENTS

ISLET HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S DEFICIT

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID IN CAPITAL	RETAINED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
BEGINNING BALANCE, JANUARY 1, 2014	94,808,249	$ 9,481	$ 12,246,848	$ (12,117,198)	$ 139,131
ISSUANCE OF STOCK FOR SERVICES	250,000,000	25,000	-	-	25,000
CANCELLATION OF COMMON SHARES	(194,808,300)	(19,481)	19,481	-	-
NET LOSS FOR THE YEAR	-	-	-	(136,300)	(136,300)
ENDING BALANCE, DECEMBER 31, 2014	149,999,949	15,000	12,266,329	(12,253,498)	27,831
STOCK ISSUED FOR LICENSE AND SUPPLY AGREEMENT	29,700,000	2,970	26,730	-	29,700
STOCK ISSUED FOR CONSULTING AGREEMENT	20,000,000	2,000	18,000	-	20,000
STOCK ISSUED FOR CONSULTING AGREEMENT	6,000,000	600	5,400	-	6,000
STOCK ISSUED FOR INCENTIVE FOR HIGH YIELD DEBENTURE	500,000	50	450	-	500
NET LOSS FOR THE SIX MONTHS	-	-	-	(759,682)	(759,682)
ENDING BALANCE, JUNE 30, 2015	206,199,949	$ 20,620	$ 12,316,909	$ (13,013,180)	$ (675,651)

SEE FOOTNOTES TO FINANCIAL STATEMENTS

ISLET HOLDINGS, INC.
NOTES TO CONSOLIDATE FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2015 AND
DECEMBER 31, 2014

Description of the Company

Inception to 2008

Islet Holdings, Inc. ("the Company") is a Texas corporation originally formed as Tough-Guard, Inc. in 1981 and currently trades on the OTC Pink Sheet Market with the symbol "ISHI". In 1983, the name was changed to U.S. Microkote Industrial, Inc. In 1985, the name was changed to Houston Consolidated Marketing, Incorporated, and then again to Entourage International, Inc. In 1998, the name was changed to Biozhem Cosmeceuticals, Inc. and from approximately 1998 to 2007 conducted business with primary focus as a direct marketer of premium quality bioengineered and botanically-based skin care products for women and men. The Company marketed its proprietary line of advanced skin care products under its brand names BIOZHEM(TM) and the REVITACEL SYSTEM(TM) through a national direct response television (infomercial) campaign, its customer care center telemarketing operation, shopping channels, a web site, and planned print advertising, catalog and direct mail campaigns. The Company also maintained marketing and distribution agreements with manufacturers of specific products or product lines for resale through its marketing channels. Following the events of 9/11/ 2001, Biozhem entered into a plan to restructure its operations through the phasing out of its retail presence by closing the Company's owned stores and continued servicing its clientele through the customer care center and website. Thereafter, the Company sold its products primarily through its national infomercial and other direct response television, shopping channels, and through its call center, website, and direct advertising campaigns.

2009 - Acquisition of Microislet Intellectual Property.

In April 2009 the Company's shareholders authorized a name change from Biozhem Cosmeceuticals, Inc. to the current name. Concurrently, shareholders approved, and the Company effectuated, a 500 to 1 reverse stock split. Thereafter the Company's trading symbol was changed to "ISHI". Following the shareholder actions of April 2009, the Company formed and acquired Isletech, Inc., a Nevada corporation formed to acquire certain intellectual property in the medical field of treating type 1diabetes.

On or about November 10, 2008, Microislet, Inc., a Nevada biotech corporation operating in San Diego, filed bankruptcy under the provisions of Chapter 11 in the United States Bankruptcy Court for the Southern District of California (Case No. 08-11388-B7). Subsequently, the Chapter 11 bankruptcy filing was converted into a Chapter 7. Through its subsidiary, the Company successfully acquired all of the intellectual property of Microislet. The Company's subsidiary was the successful bidder for all of the intellectual property of Microislet, including patents, and assumed the executory contracts with two biotech product and services providers. At a duly held bankruptcy auction, the Trustee sold the intellectual property of Microislet, which included U.S. Patent Number 6,365,385, patent development documents and related material, laboratory results,

electronically stored documents relating to the foregoing, other electronic media, and laboratory samples, including primate tissue and cells in frozen states of storage, and executory contracts with Progentitor Cell Therapy LLC and Fios Therapeutics Inc., a company owned and controlled by the Mayo Foundation (collectively "Intellectual Property").

Thereafter, the Company modified its prior focus on cosmeceuticals and continued its operations, but as a biotech company engaged in the research, development, and commercialization of patented technologies in the field of transplantation therapy for people with conditions of insulin-dependent diabetes, who could benefit from cell-based replacement treatments. The acquired technology constitutes methods for isolating, culturing, cryopreservation, and immuno-protection (microencapsulation) of islet cells. The Company continues in its efforts to protect its intellectual property for further development and commercial implementation in the field of diabetes treatment (See Legal Matters).

2014-2015

The Company has actively commenced research into the newly emerging market of medical products derived from cannabis. Primarily, the Company is developing intellectual property relating to hemp farming and extraction of cannabidiol (CBD) from hemp. CBD is a cannabinoid with recognized health and medical applications. Based upon the success of the Company's research and development, the Company plans to substantially increase its research and development in this area.

In January 2015, the Company entered into an agreement with Apollon Formularies, Inc. to 1) acquire CBD derived from hemp farming in Jamaica, 2) formulate CBD infused products for the company, and 3) sell CBD infused products in Jamaica. The Company believes that Apollon will successfully obtain a license for hemp production in Jamaica, though at the time of this report that had not yet occurred. The Company also entered into an agreement with Last Call Ventures, Inc., an affiliate of Apollon, to acquire products it has developed and benefit from its industry contacts and associations. At the time of this June 30 report (October 2015), the Company had provided over $500,000 in funding to Apollon and Last Call. These funds, along with shares issued in connection with these agreements and endeavors, represent a major investment and commitment on the part of the Company to obtain reliable sources of CBD and develop opportunities in nutraceutical products.

The Company has also entered into a "Sponsorship Agreement for the Research, Development and Trial Testing of New Agricultural Crops" with SproutHouse LLC in Colorado. The SproutHouse Agreement provides for the acquisition of CBD from Colorado hemp and data for the domestic growing of various strains of hemp and subsequent CBD extraction.

The Company's Intangible Assets - Intellectual Property.

Pre – 2014

Patents, trademarks, and trade secrets are central to the valuation, commercialization, and profitability of science and technology based products and our policy is to pursue intellectual

property protection aggressively for all our products. The Company is the successor in interests to patents and related technology developed by Microislet, Inc. in conjunction with Duke University. Duke developed patents relate to methods of culturing, cryopreserving, and encapsulating pancreatic islet cells. Duke then licensed Microislet to develop its own technologies. Microislet developed and owned Patent Number 6,365,385, which was subsequently acquired by the Company.

The Company believes that MicroIslet-PTM, a xenotransplantation (transplantation between different species) product, has significantly more commercial potential than human-to-human (allotransplantation) islet replacement approaches, due to the high cost and inherently limited supply of human islets. The Company's product candidates are intended for the treatment of insulin-dependent diabetes and are intended to be administered into the patient's abdominal cavity, where the transplanted islet cells may produce insulin in response to increases in blood glucose, much like the patient's original pancreatic islet cells did prior to being destroyed by disease. The primary function of microencapsulation is to protect the islets from the host's immune system. The microcapsule coating is composed of layers of biocompatible materials.

The development and commercialization of our products would be subject to extensive regulation in the United States by a number of regulatory authorities, including the United States Food and Drug Administration, and by comparable regulatory authorities in foreign countries. FDA approval of our products is required. The Company conducted a pre-IND submission meeting with the FDA in order to discuss manufacturing, preclinical, and clinical plans for the xenotransplantation product. Our initially planned products would be classified as combination biological and device products by the FDA. The islets comprise the biological component and the microencapsulation material comprises the device component. The FDA Center for Biologics (CBER) has jurisdiction, meaning the MicroIslet-P(TM) product would be reviewed primarily as a biological product. Biological products are subject to dual regulation. Their approval for marketing, among other things, is regulated under the Public Health Service Act through a biologics license application, or BLA.

Development of a therapeutic product for human use under applicable laws and regulations is a multi-step process. Before human clinical trials may begin for new drugs and biologics, an IND application containing, among other things, preclinical data, chemistry, manufacturing and control information, an investigational plan, and clinical trial protocol must be submitted to the FDA and approved. The pre-IND process involved submission by us of a compendium of information to the FDA concerning our technology, our methods, and our preliminary studies. We posed a number of questions to the agency regarding the adequacy of our work to satisfy the requirements for an IND filing and they provided guidance to us and proposed additional work that would fulfill their requirements. The preclinical work required for IND submission was almost complete in 2009 as the national economy continued its historic recession and decline in the national financial markets. The Company had an initial target IND submission date of December 2009 and expected to initiate its human xenotransplantation trial in the first quarter of 2010. Due to the national economy and wrongful activities of persons formerly associated with the Company, those target dates were missed.

Microislet expended over $50 million in developing its “Microislet-PTM” product which is an injectable suspension of microencapsulated porcine insulin-producing, pancreatic islet cells. The Company accounts for intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." In accordance with SFAS No. 142, goodwill and other intangible assets that have indefinite useful lives are not amortized; however, management has considered the competitive nature of such technology to be of limited duration and has elected to amortize the costs of such technology over ten years on a straight line basis. For the last four years, the Company has not made any provision for annual review of impairment and estimates that the straight line amortization is a good estimate of fair value of the intellectual property. The Company does not currently have funds to pursue development of these medical technologies. Annual amortization of the asset is $61,500. A summary of the costs and amortization of the intellectual property is as follows:

	2014	2013
Intellectual Property (Original Cost)	$615,000	$615,000
Amortization to End of Year	(338,250)	(276,790)
Net Carrying Value	$276,750	$338,250

2014-2015 Intellectual Property Development

The Company is developing intellectual property relating to hemp farming and extraction of cannabidiol (CBD) from hemp. CBD is a cannabinoid with recognized health and medical applications. Based upon the success of the Company’s research and development, the Company plans to substantially increase its research and development in this area. In part, the Company intend to develop its intellectual property assets through agreements with Apollon Formularies in Jamaica and SproutHouse in Colorado.

Litigation to Preserve Intellectual Property.

Following disagreements in later 2009 and 2010 with certain parties related to the Company’s work and development in the type 1 diabetes treatment industry, the Company was forced to file suit to protect the patents and other intellectual property it acquired from Microislet, Inc. in 2009.

In August 2012, the Company and its subsidiary filed suit in Federal District Court for the District of Utah. Despite intermittent settlement discussions, the matter remains unresolved and the Company continues to devote its resources and efforts to protect its patents and other intellectual property. A person affiliated with the defendants, but not named, subsequently agreed to settle any matters with the Company. Consequently, the Company accepted 200,000 shares of Islet Sciences, Inc. Common stock in full settlement with that person. During 2014, the Company assigned $109,000 worth of stock as settlement for legal fees and officer salaries. The remaining stock was sold for cash and realized a loss of $(8,184) on the sales. This settlement does not affect the ongoing litigation with the other defendants in the case. All accounts payable of the Company are legal fees accumulated on this litigation.

Notes Payable/Conversion to Common Stock

Throughout the years 2007 to 2014, the Company arranged several working capital loans from various officers and shareholders who were interested in assisting the Company. Consequently, funds were obtained to operate and pay necessary overhead expenses to keep the Company current as an entity and to cover legal expenses to protect its intellectual property assets. The amounts and terms of the loans are as follows:

Date	Amount	Interest Rate	Due Date	Ultimate Disposition
Before 2005	$35,000	7.5%	On Demand	Still Outstanding
September 2007	2,500	18%	On Demand	Still Outstanding
September 2007	2,500	18%	On Demand	Still Outstanding
January 2008	2,000	18%	On Demand	Still Outstanding
July 2008	5,250	18%	On Demand	Converted to Common in 2010
December 2011	40,000	12%	On Demand	Still Outstanding $10,000 Converted in 2012 ($30,000remains outstanding)
December 2012	16,000	12%	On Demand	Still Outstanding
December 2012	10,000	12%	On Demand	Still Outstanding
July 2013	2,800	12%	On Demand	Still Outstanding

The notes executed in July 2008, December 2012, and July 2013, were with an affiliate of the Company's then president and was presented as a related party transactions. The officer has resigned and is no longer an affiliate with the Company.

All of these notes are convertible into common stock of the Company at a fair value at the time of the conversion. $10,000 of the December 2011 note was converted to 10,000,000 common shares on December 30, 2012. There is no time limit on the conversion. Accrued interest on all notes total $51,460 and $40,519 at December 31, 2014 and December 31, 2013, respectively. A summary of notes payable per year is as follows:

Date	Amount	Interest Rate	Due Date
Before 2005	$35,000	7.5%	On Demand
September 2007	2,500	18%	On Demand
September 2007	2,500	18%	On Demand
January 2008	2,000	18%	On Demand
December 2011	30,000	12%	On Demand
December 2012	10,000	12%	On Demand
December 2012	$16,000	12%	On Demand
July 2013	2,800	12%	On Demand
Total Notes Payable	$100,800		

In furtherance of its development and expansion into CBD production, the Company obtained a series of loans during to meet capital needs.

Note Payable

To fund the Company's expanded business plan, in January 2015 the Company acquired a $200,000 loan from the Company's president. The one-year loan caries 7% annual interest rate and is due and payable in January 2016. The Company must also pay the income tax consequences of the sale of assets to provide the funds. The amount will not be determined until the end of 2015 and a calculation of tax liability is computed at that time. An estimate of $50,000 has been booked as a liability for 2015 for this additional interest expense.

High Yield Debentures

During the second quarter the Company raised capital through notes that required a high rate of interest due to the fact that the Company, though active in development of its business plans, had not experienced revenue generation for years. During the quarter the Company issued debt totaling $400,000 in principal. The Company also retired $95,000 in short-term debt during the period. These high yield debentures ("HY Debentures") had accrued $605,000 in interest or ROI obligations at the end of the period. While this type of financing is very aggressive and expensive in the short-term, the relative cost of capital may be significantly lowered due to the potential sales of the Company over the next five years.

April 14	HY Debenture	$	25,000	Paid
April 15	HY Debenture	$	25,000	Paid
	HY Debenture	$	25,000	Paid
April 16	HY Debenture	$	25,000	$20,000 paid during period.
	HY Debenture	$	200,000	
April 27	HY Debenture II	$	100,000	

In connection with the High Yield Debentures, the Company issued 500,000 shares of common stock and options to purchase 500,000 shares at $.05 per share, exercisable within five years.

Accrued Wages

A past president of the Company accrued salaries over the years since 2007 in various amounts starting at $1,000 and increasing to $2,483 per month. That president has resigned and a new president is accruing salary at $1,000 per month. For six months in 2009, the Company had another individual serving part time as Treasurer, and a $500 salary was accrued at that time.

The Company has never had sufficient cash to pay any of the salaries and, consequently, over time most of the compensation due has been converted to common stock for services rendered. In 2012, $64,500 in accrued compensation (president and treasurer) was converted to 50,500,000 shares of stock. There was an additional 19,400,000 shares issued for legal services rendered which were valued at $19,400. The accrued salaries and accounts payable represent legal and officer salaries for 2013 and 2014. The Company is currently accruing $3,000 per quarter in compensation for the new president and may pay down the accrual from time to time when cash is available. For the past president, 250,000,000 shares of common stock valued at $25,000 (par value $.0001) was paid as a bonus for the past services while ongoing litigation was pending and salary remained unpaid for the first four years of his tenure. Of those shares, however, approximately 194 million shares were subsequently cancelled effective November 15, 2014. Accrued wages at March 31, 2015 is $39,118.

Earnings Per Share

Basic earnings (loss) per share ("EPS") is computed as net income (loss) divided by the weighted average common shares outstanding during the period.

Uses of Estimates

In the normal course of preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make 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. Estimates made by management include the compensation of services through stock issues when the value of the stock is nonexistent. Actual results could differ from those estimates.

Going Concern

The Company's financial statements for the year ended December 31, 2014 and six months ended June 30, 2015 have been presented on the basis that it will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company reported net losses of $(136,300) for the year 2014 and $(760,000) for the six months ended June 30, 2015. All of the expenses of the Company were either accrued or paid through stock sales, stock issuances and loans for the past 18 months. The Company's continued existence is dependent upon its ability to attract new capital while it expands its business plans and achieves revenue from operations. There can be no assurances that the Company will succeed in these efforts.

Capital Stock

The Company made a change to the authorized and par value of the stock in 2014. The Company is now authorized for 1,000,000,000 common shares and 100,000,000 preferred shares, both with a par value of $.0001. The change was affected by a written consent vote of a majority of shares. The change in the par value has been made to the financial statements as presented.

During the second quarter, the Company issued 500,000 shares in connection with the issuance of High Yield Debentures.

Prepaid Consulting Fees

In connection with the new business plan for 2015, the Company entered into two consulting agreements with affiliates of the License and Distribution agreements. A total of 26,000,0000 shares of common stock were issued with a value of $26,000 was capitalized and is being amortized over a one year time period, the length of the consulting contract. Additional reimburseable expenses are allowed to be expended by the parties of the contract, but to date no expenditures have been made.