EQ LABS, INC

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Table of Contents

Balance Sheets as of December 31,2015 and, 2014 (Unaudited)	F-1
Statements of Operations for the Years Ended December 31,2015 and 2014 (Unaudited)	F-2
Statements of Cash Flows for the Years Ended December 31,2015 and 2014 (Unaudited)	F-3
Notes to the Financial Statements (Unaudited)	F-4

ITEM 1: FINANCIAL STATEMENTS

EQ LABS, INC
BALANCE SHEETS
(UNAUDITED)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,452	$ --
Marketable securities	--	
Accounts receivable	--	170
Inventory	934	2,242
Prepaid	15,000	15,000
Total current assets	20,386	17,513
Other assets	500	--
Total assets	$ 20,886	$ 17,513
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Bank overdraft	$ --	$ 180
Accounts payable and accrued liabilities	1,300	8,834
Note payable	24,990	40,000
Stock Issuance Liability	36,301	--
Total current liabilities	62,591	49,014
Long term liabilities		
Note Payable – related party	555,357	437,325
Total liabilities	617,948	486,339
Stockholders' deficit:		
Preferred stock, $0.0001 par value, 10,000,000 authorized, none issue or outstanding		
Common stock, $0.0001 par value 790,000,000 authorized 790,000,000 and 532,791,716 issued and outstanding, respectively	79,000	53,279
Additional paid in capital	10,587,482	10,291,024
Accumulated deficit	(11,264,044)	(10,813,129)
Total stockholders' deficit	(638,834)	(468,826)
Total liabilities and stockholder deficit	$ 20,886	$ 17,153

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

EQ LABS, INC
STATEMENTS OF OPERATIONS
FOR YEARS ENDED DECEMBER 31,
(UNAUDITED)

	2015	2014
Revenue	$ 128,040	$ 332
Cost of goods sold	2,074	2,624
Gross Margin	125,966	(2,292)
Operating expenses:		
General and administrative expense	236,714	101,784
Loss from operations	(110,748)	(104,075)
Other income(expense)		
Interest expense	--	(22,500)
Realized loss on marketable securities	--	(13,730)
Total other income(expense)	--	(36,230)
Net loss	$ (110,748)	$ (140,305)
Net loss per share, basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding; basic and diluted	716,263,108	541,266,716

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

EQ LABS, INC
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31,
(UNAUDITED)

	2015	2014
Cash flows from operating activities:		
Net loss	$ (110,748)	$ (140,305)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in marketable securities	--	19,830
Changes in operating assets and liabilities:		
Inventory	(122,858)	(2,243)
Accounts receivable	270	(270)
Accounts payable and accrued expense	466	8,836
Other assets	(500)	--
Net cash provided by (used in) operating activities	(227,870)	(114,152)
Cash flows from financing activities:		
Bank overdraft	(180)	(28)
Proceeds from sale of common stock	129,980	60,000
Notes payable	(15,010)	40,000
Repayment of notes payable – related party	--	--
Notes payable- related party	118,032	14,180
Net cash provided by financing activities	232,322	114,152
Net increase (decrease) in cash	4,452	--
Cash – beginning of period	--	--
Cash – end of period	$ 4,452	$ --
SUPPLEMENT DISCLOSURES:		
Interest paid	$ --	$ --
Income taxes paid	$ --	$ --

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

EQ LABS, INC
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – NATURE OF BUSINESS

EQ Labs, Inc. formerly known as River Creek Holdings, Inc. (hereinafter referred to as the "Company") was incorporated in 2008 in the State of Florida. On September 7, 2008, the Company entered into a Plan of Share Exchange (the "Exchange Agreement") with EQ Labs, LLC., a Nevada limited liability company ('EQL"). Pursuant to the Exchange Agreement, the Company acquired all of EQL interests from the EQL holders in exchange for 54,105,272 shares of common stock, representing 83.66% of the 64,672,800 issued and outstanding shares of the Company's common stock. The exchange of shares with EQL was accounted for as a reverse acquisition under the purchase method of accounting since the holders of EQL obtained control of the Company. On October 15, 2008 River Creek Holdings, Inc. changed its name to EQ Labs, Inc. EQL is a wholly-owned subsidiary of the Company.

The Company manufactures and distributes energy drink products. The Company's products are the "LAST SHOT" ready to go 5.5oz Hangover Protection, 3 in 1 Energize, Hydrate, Detox mixable cold beverage and the EQ Energy Tab.

NOTE 2- ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue when the product has been shipped to the customer and invoiced by the Company

Impairment of Long-Lived Assets

The Company reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical-cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the asset by comparing the undiscounted future net cash flows expected to result from the asset to its carrying value. If the carrying value exceeds the undiscounted future net cash flows of the asset, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived asset. Fair value is estimated based upon either discounted cash flow analysis or estimated salvage value.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The Company's significant estimates include the fair value of common stock issued for services. Actual results could differ from those estimates.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company accounts for income taxes under the provisions of Financial Accounting Standards Board) Accounting Standards Codification 740, *Accounting for Income Taxes.* It prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities.

The Company classifies penalties and interest related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Operations.

Basic and diluted net loss per share

Basic and diluted net loss per share calculations are calculated on the basis of the weighted average number of common shares outstanding during the year. Diluted loss per share calculations includes the dilutive effect of common stock. Basic and diluted net loss per share is the same due to the absence of common stock equivalents.

Fair Value of Financial Instruments

The Company's financial instruments consisting of accounts payable, accrued expenses and notes payable approximate their fair value due to their short term maturities.

Recent Accounting Pronouncements

The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on their financial position, results of operations or cash flows.

NOTE 3 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company, as shown in the accompanying consolidated balance sheets has an accumulated deficit of $11,264,044 as of

December 31, 2015. The Company has not established any source of revenue to cover its operating costs. These factors raise substantial doubt about the company's ability to continue as a going concern. The Company will engage in very limited activities that must be satisfied in cash until a source of funding is secured. The Company will offer noncash consideration and seek equity lines as a means of financing its operations. If the Company is unable to obtain revenue producing contracts or financing or if the revenue or financing it does obtain is insufficient to cover any operating losses it may incur, it may substantially curtail or terminate its operations or seek other business opportunities through strategic alliances, acquisitions or other arrangements that may dilute the interests of existing stockholders.

NOTE 4 – RELATED PARTY TRANSACTIONS

As of December 31, 2012 an officer and director of the Company had advanced the Company $560,000. The advance is non-interest bearing and due on demand. During the years ended December 31, 2015, the officer advanced the Company $118,032, leaving a balance due the officer and director as of December 31, 2015 $555,357.

NOTE 5 – COMMON STOCK

On August 15, 2015 the Company increased the number of authorized shares of common stock to 790,000,000 shares.

During the years ended December 31, 2015, the Company issued 46,000,000 shares of common stock for cash with a value of $62,000.

The Company has collected $67,980 in cash for shares of common stock that has not been issued as of December 31, 2015.

NOTE 6 – NOTES PAYABLE

During the year ended December 31, 2015 the Company issued a note for $ 40,000 in cash. The principal was due on April 30, 2015. As of December 31, 2015 the balance on the note due was $24,990.

NOTE 7 – WARRANTS

On July 23, 2010 the Company issued warrants to purchase common stock in the Company to four individuals. The holder of the warrants may convert any or all of the warrant to common stock prior to July 22, 2015. Each warrant entitles its holder to purchase 8,333,333 shares of common stock for an aggregate of 33,333,332 shares at $0.003 per share. In lieu of exercising the warrants for cash, the holder may exercise the warrants as cashless warrants with the number of shares being issued based on the difference of the fair market value and the exercise price divided by the fair market value of the shares. Under these terms the difference in warrants tendered and share issued, such warrants will be retired.

The following table summarizes the warrant activity during the years ended December 31, 2015:

	Weighted Average Exercise	Weighted Average Remaining Contract	Number of Warrants	Intrinsic

Outstanding as of:	Warrants	Price	Life	Exercisable	Value
December 31, 2014	33,333,332	$ 0.003	1.54	33,333,332	$ 0.00
December 31,2015	33,333,332	$ 0.003	0.69	33,333,332	$ 0.00

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission ("SEC") encourages companies to disclose forward-looking information so that investors can better understand future prospects and make informed investment decisions. This report contains these types of statements. Words such as "may," "expect," "believe," "anticipate," "estimate," "project," or "continue" or comparable terminology used in connection with any discussion of future operating results or financial performance identify forward-looking statements. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. All forward-looking statements reflect our present expectation of future events and are subject to a number of important factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

The financial information set forth below with respect to our statements of operations for the years ended December 31, 2015 and 2014 is unaudited. This financial information, in the opinion of management, includes all adjustments consisting of normal recurring entries necessary for the fair presentation of such data. Our year end is December 31.

MAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

The Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for EQ LABS, Inc ("EQ LABSI" or the "Company") is intended to supplement and complement the accompanying unaudited financial statements and notes thereto for the years ended December 31, 2015 and 2014. EQ LABS's management has prepared these financial statements in accordance with generally accepted accounting principles. There has not been an independent review of the financial statements.

Except for historical information, this MD&A may contain forward-looking statements. These statements may involve known and unknown risks, uncertainties and other factors that may cause the actual level of activity, results, and performance to differ from any future levels of activity, results and performance implied by these forward-looking statements. Although EQ LABS believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties outlined elsewhere in this MD&A, actual events may differ materially from current expectations. EQ LABS disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Results from Operations

The Company recorded $128,040 in revenue during the year ended December 31, 2015.

During the years ended December 31, 2015 and 2014, the Company incurred a net loss of $110,748 and $140,305, respectively. The net loss consisted of general and administrative costs

of $236,714, in 2015 and general administrative costs of $104,784 and other expense of $36,230 in 2014.

Liquidity and Capital Resources

As of December 31, 2015 the Company had current assets of $20,386 compared to current assets of $17,513 as of December 31, 2014. Current liabilities were $94,270 consisting accounts payable and accrued expenses. Stockholders' deficit as of December 31, 2015 was $628,741.

Net cash used in operations for the years ended period ended December 31, 2015 was $203,380 consisting of a net loss of $110,748, inventory cost of $122,858 offset accounts payable and accrued expenses of $25,456. Net cash used in the same period in 2014 was $114,152 consisting of a net loss of $140,305 offset change in in marketable securities of $19,830 and accounts payable and accrued expense of $8,836.

Net cash provided by financing activities during the years ended period ended December 31, 2015 was $207,832. This consisted of sale of common stock of $129,980 and notes payable related party of $118,032 offset by repayment of notes payable of $40,000. During the same period in 2014 net cash provided was $114,152 consisting of stock sold for cash of $60,000, notes payable of $40,000 and notes payable to a related party of $14,180.

Management

The Company currently has a small executive management group, which is sufficient for its present stage of development. The Company has relied, and will continue to rely, upon a number of consultants and others for operating expertise. The Company’s development to date has largely depended and in the future will continue to depend upon the efforts of current executive management. The loss of a member of this group could have a material adverse effect on the Company.

Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures(as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this report such disclosure controls and procedures were not effective due to the lack of segregation of duties and lack of a formal review process that includes multiple levels of review to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO /CFO do not possess accounting expertise and our company does not have an audit committee. This weakness is due to the company’s lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

Changes in Internal Control over Financial Reporting

Except as noted above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

None

ITEM 1A: RISK FACTORS

There have been no material changes to the risk factors as previously disclosed.

ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the years ended December 31, 2015, the Company issued 46,000,000 shares of common stock for cash with a value of $620,000.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION

Not Applicable

ITEM 5: OTHER INFORMATION

None