EARTH SCIENCE TECH, INC. AND SUBSIDIARIES

FINANCIAL STATEMENTS

For the years ended March 31, 2016 and 2015

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EARTH SCIENCE TECH, INC. AND SUSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2016	March 31, 2015
Current Assets:		
Cash	$ 44,494	$ 324,378
Prepaid expenses and other current assets	12,399	101,619
Inventory	135,374	235,588
Total current assets	192,267	661,585
Property and equipment, net	68,462	65,854
Other Assets:		
Patent, net	47,552	29,078
Deposits	23,829	17,211
Total other assets	71,381	46,289
Total Assets	$ 332,110	$ 773,728

LIABILITIES AND STOCKHOLDERS'S (DEFICIT) EQUITY

Current Liabilities:		
Accounts payable and accrued liabilities	$ 178,506	$ 88,655
Accrued settlement	223,500	-
Notes payable - related parties	59,558	59,558
Total current liabilities	461,564	148,213
Total liabilities	461,564	148,213
Commitments and contingencies		
Stockholders' (Deficit) Equity:		
Convertible preferred stock with liquidation preference, par value of $0.001 pre share,10,000,000 shares authorized: 5,200,000 issued and outstanding	5,200	5,200
Common stock, par value $0.001 per share, 75,000,000 shares authorized; 39,420,662 and 38,229,829 shares issued and outstanding as of March 31, 2016 and March 31, 2015 respectively	39,421	38,230
Additional paid-in capital	22,464,922	21,998,214
Accumulated deficit	(22,638,997)	(21,416,129)
Total stockholders' (Deficit)Equity	(129,454)	625,515
Total Liabilities and Stockholders' (Deficit) Equity	$ 332,110	$ 773,728

See notes to the consolidated financial statements

EARTH SCIENCE TECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended March 31,	
	2016	2015
Revenue	$ 469,446	$ 80,279
Cost of revenues	341,913	77,060
Gross Profit	127,533	3,219
Operating Expenses:		
Compensation - officers	308,923	508,000
Marketing	49,370	669,228
General and administrative	401,192	115,112
Professional fees	25,795	7,444,416
Cost of legal proceedings	560,394	-
Research and development	-	32,593
Total operating expenses	1,345,674	8,769,349
Loss from operations	(1,218,141)	(8,766,130)
Other Income (Expenses)		
Interest expense	(4,765)	(4,730)
Interest income	37	122
Total other income (expenses)	(4,728)	(4,608)
Net loss before income taxes	(1,222,869)	(8,770,738)
Income taxes	-	-
Net loss	$ (1,222,869)	$ (8,770,738)
Net loss per common share:		
Loss per common share - Basic and Diluted	$ (0.03)	$ (0.23)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	38,702,458	36,841,897

See notes to the consolidated financial statements

EARTH SCIENCE TECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years ended March 31,	
	2016	**2015**
Cash Flow From Operating Activities:		
Net loss	$ (1,222,869)	$ (8,770,738.00)
Adjustments to reconcile net loss to net cash from operating activities:		
Stock-based compensation	178,025	8,411,276
Depreciation and amortization	13,155	4,481
Changes in operating assets and liabilities:		
(Increase) Decrease in deposits	(6,619)	161,039
Decrease (Increase) in prepaid expenses and other current assets	46,220	(34,735)
Decrease (Increase) in inventory	100,214	(235,588)
Increase in accrued settlement	223,500	-
Increase in accounts payable	89,851	87,910
Net Cash Used in Operating Activities	(578,523)	(376,355)
Investing Activities:		
Purchases of property and equipment	(13,138)	(68,983)
Patent expenditures	(21,098)	(30,430)
Net Cash Used in Investing Activities	(34,236)	(99,413)
Financing Activities:		
Proceeds from issuance of common stock	332,875	569,000
Proceeds from notes payable- related party	-	20,953
Repayment of advances from related party	-	(166,511)
Net Cash Provided by Financing Activities	332,875	423,442
Net Decrease in Cash	(279,884)	(52,326)
Cash - Beginning of year	324,378	376,704
Cash - End of year	$ 44,494	$ 324,378
Supplemental Disclosure of Non Cash Investing and Financing Activities:		
Reversal of prepaid expenses and additional paid in capital due to re-measurement of shares issued for web marketing services	$ 43,000	$ -

See notes to the consolidated financial statements

EARTH SCIENCE TECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

Description	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additonal Paid-in Capital	Accumulated Deficit	Total
Balance - March 31, 2014	36,733,000	$ 36,733	-	$ -	$ 13,307,751	$ (12,645,391)	$ 699,093
Common stock issued for cash	821,329	821	-	-	568,179	-	569,000
Preferred Shares issued	-	-	5,200,000	5,200	7,066,800	-	7,072,000
Common stock issued for services	675,500	676	-	-	1,055,484	-	1,056,160
Net loss	-	-	-	-	-	(8,770,738)	(8,770,738)
Balance - March 31, 2015	38,229,829	38,230	5,200,000	5,200	21,998,214	(21,416,129)	625,515
Common stock issued for cash	1,156,333	1,156	-	-	331,719	-	332,875
Common stock issued for services	259,500	260	-	-	177,765	-	178,025
Common stock cancelled (note 7)	(500,000)	(500)	-	-	500	-	-
Common stock issued for services recognized in the prior year	275,000	275	-	-	(275)	-	-
Re-measurement of shares issued for web-marketing services	-	-	-	-	(43,000)	-	(43,000)
Net loss	-	-	-	-	-	(1,222,869)	(1,222,869)
Balance - March 31, 2016	**39,420,662**	**$ 39,421**	**5,200,000**	**$ 5,200**	**$ 22,464,923**	**$ (22,638,998)**	**$ (129,454)**

See notes to the consolidated financial statements

Note 1 — Organization and Operations

Earth Science Tech, Inc. ("ETST") was incorporated under the laws of the State of Nevada on April 23, 2010. ETST is a unique biotechnology company focused on cutting edge nutraceuticals and bioceuticals designed to excel in industries such as health, wellness, nutritional supplements, cosmetic and alternative medicine to improve illnesses and the quality of life for consumers worldwide. The Company sells its products through its retail store located in Coral Gables Florida and through the internet. ETST is currently focused on delivering nutritional and dietary supplements that help with treating symptoms such as: chronic pain, joint pain, inflammation, seizures, high blood pressure, memory loss, depression, weight management, nausea and aging. This may include products such as vitamins, minerals, herbs, botanicals, personal care products, homeopathies, functional foods, and other products. These products will be in various formulations and delivery forms including capsules, tablets, soft gels, chewables, liquids, creams, sprays, powders, and whole herbs.

We operate through two wholly owned subsidiaries which provide products, marketing and distribution. As of December 2014, Nutrition Empire, Inc. was opened as a brick and mortar retail store that provides health, wellness, sports nutrition and dietary supplement products at competitive prices. In March 2015, the Company created Earth Science Tech Vapor One, Inc., a license and distribution company allowing us entry in the maturing marketplace of the vaping industry. Our licensing relationship gives us the market mobility, allowing us to capture the emerging market offering our Cannabidiol oil to our retail partners as demand emerges.

Note 2 — Summary of Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company, Nutrition Empire, Inc. and Earth Science Tech Vapor One, Inc. (the "Company") as of March 31, 2016. All intercompany balances and transactions have been eliminated on consolidation.

Use of estimates and assumptions

The preparation of the condensed consolidated 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 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 periods.

The Company's significant estimates and assumptions include the fair value of financial instruments; the accrual of the legal settlement, the carrying value recoverability and impairment, if any, of long-lived assets, including the estimated useful lives of fixed assets, the valuation allowance of deferred tax assets, stock based compensation and the assumption that the Company will continue as a going concern. Those significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to those estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Note 2—Summary of Significant Accounting Policies-(Continued)

Use of estimates and assumptions-(continued)

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Carrying value, recoverability and impairment of long-lived assets

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification (“ASC’) 360 to evaluate its long-lived assets. The Company's long-lived assets, which include property and equipment and a patent are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated and amortized over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

Through March 31, 2016 and 2015 the Company has not experienced impairment losses on its long-lived assets.

Related parties

The Company follows ASC 850 for the identification of related parties and disclosure of related party transactions.

Pursuant to this ASC related parties include a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method

Note 2—Summary of Significant Accounting Policies-(Continued)

Related parties-(continued)

by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Commitments and contingencies

The Company follows ASC 450 to account for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. This may result in contingent liabilities that are required to be accrued or disclosed in the financial statements. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time, that these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Revenue recognition

The Company follows ASC 605 for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. The Company derives its revenues from sales contracts with its customers with revenues being generated upon rendering of products. Persuasive evidence of an arrangement is demonstrated via invoice; products are considered provided when the product is delivered to the customers; and the sales price to the customer is fixed upon acceptance of the purchase order and there is no separate sales rebate, discount, or volume incentive.

Note 2—Summary of Significant Accounting Policies-(Continued)

Inventories

The Company recognizes its retail store revenue at point of sale, net of sales tax.

Inventories consist of various types of nutraceuticals and bioceuticals at the Company's retail store and main office. Inventories are stated at the lower of cost or market using the first in, first out (FIFO) method. A reserve is established if necessary to reduce excess or obsolete inventories to their net realizable value.

Cost of Sales

Components of costs of sales include product costs, shipping costs to customers and any inventory adjustments.

Shipping and Handling Costs

The Company includes shipping and handling fees billed to customers as revenues and shipping and handling costs for shipments to customers as cost of revenues.

Income taxes

Income taxes are accounted for under the asset and liability method as stipulated by FASB ASC 740, "Income Taxes" ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance. A valuation allowance is applied when in management's view it is more likely than not (50%) that such deferred tax will not be utilized.

In the event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserves for uncertain tax positions would be recorded if the Company determined it is probable that a position would not be sustained upon examination or if payment would have to be made to a taxing authority and the amount is reasonably estimated. As of March 31, 2016, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities. Interest and penalties related to the unrecognized tax benefits is recognized in the consolidated financial statements as a component of income taxes.

Net loss per common share

The Company follows ASC 260 to account for earnings per share. Basic earnings per common share calculations are determined by dividing net results from operations by the weighted average number of shares of common stock outstanding during the year.

Note 2—Summary of Significant Accounting Policies-(continued)

Net loss per common share-(continued)

Diluted loss per common share calculations are determined by dividing net results from operations by the weighted average number of common shares and dilutive common share equivalents outstanding. During periods when common stock equivalents, if any, are anti-dilutive they are not considered in the computation.

As of March 31, 2016 and 2015, the Company has 333,332 warrants that are anti-dilutive and not included in the calculation of diluted loss per share.

Cash flows reporting

The Company follows ASC 230 to report cash flows. This standard classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by this standard to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports separately information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to this standard.

Stock based compensation

The Company follows ASC 718 in accounting for its stock based compensation to employees. This standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock based compensation at the market price of the Company's common stock as of the date in which the obligation for payment of service is incurred.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of the equity instrument exchanged in accordance with ASC505-50.

Property and equipment

Property and equipment is recorded at cost net of accumulated depreciation. Depreciation is computed using the straight-line method based upon the estimated useful lives of the respective assets as follows:

Leasehold improvements	Shorter of useful life or term of lease
Signage	5 years
Furniture and equipment	5 years
Computer equipment	5 years

Note 2—Summary of Significant Accounting Policies-(Continued)

Property and equipment-(Continued)

The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from accounts and any resulting gains or losses are included in operations.

Recently issued accounting pronouncements

In June 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, ″ Revenue from Contracts with Customers ″. The update gives entities a single comprehensive model to use in reporting information about the amount and timing of revenue resulting from contracts to provide goods or services to customers. The proposed ASU, which would apply to any entity that enters into contracts to provide goods or services, would supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Additionally, the update would supersede some cost guidance included in Subtopic 605-35, Revenue Recognition — Construction-Type and Production-Type Contracts. The update removes inconsistencies and weaknesses in revenue requirements and provides a more robust framework for addressing revenue issues and more useful information to users of financial statements through improved disclosure requirements. In addition, the update improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The update was originally effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In August 2015, FASB issued ASU No. 2015-14, ″Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date″ which deferred the effective date ASU No. 2014-09 by one year to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." This ASU provides more explicit guidance for treating share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. We do not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern", which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early application is permitted. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our financial statements disclosures.

Note 2—Summary of Significant Accounting Policies-(Continued)

Recently issued accounting pronouncements- (Continued)

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842) (the Update)*", requiring management to recognize any right-to-use-asset and lease liability on the statement of financial position for those leases previously classified as operating leases. The criteria used to determine such classification is essentially the same as under the previous guidance, but it is more subjective. The lessee would classify the lease as a finance lease if certain criteria at lease commencement are met. This ASU is effective for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact of the ASU on its financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory". This ASU more closely aligns the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The amendments in this ASU do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

Intangible assets

In October 2014, the Company acquired a patent that is being amortized over its useful life of fifteen years in accordance with ASC 350, "Intangibles - Goodwill and Other". The Company purchased the patent through a cash payment of $25,000. Additionally, the Company capitalized patent fees of $26,528. The Company's balance of intangible assets on the consolidated balance sheet net of accumulated amortization is $47,552 and $29,078 at March 31, 2016 and 2015, respectively. Amortization expense related to the intangible assets was $2,623 and $1,352 respectively for the years ended March 31, 2016 and 2015.

Reclassification

Certain amounts from the prior period have been reclassified to conform to the current period presentation.

Note 3 — Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

Note 3 — Going Concern-(Continued)

At March 31, 2016, the Company had negative working capital, an accumulated deficit of $22,638,997 and was in negotiations to extend the maturity date on notes payable that are in default. This raises a substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to generate sufficient revenues, the Company's cash position may not be sufficient to pay its obligations and support the Company's daily operations. Management intends to raise additional funds by way of a public or private offerings. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues may provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate sufficient 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 sufficient revenues.

The consolidated 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 Balances and Transactions

During 2014, a former stockholder provided funds to the Company evidenced by 8% uncollateralized notes payable due September 30, 2014. As of March 31, 2016 and 2015, the Company had $59,558 of these notes payable which are in default. The Company is in current negotiations to extend the maturity of these notes for an additional 2 years. Interest expense for the years ended March 31, 2016 and 2015 was $4,765 and $4,730 respectively.

During the year ended December 31, 2014, $7,072,000 of consulting fees were paid by the Company to its majority stockholder Majorca Group, Ltd., in connection with services provided pursuant to a founder's agreement. These fees were paid through the issuance of the Company's preferred stock in prior periods. During the year ended March 31, 2015, the Company issued 50,000 shares of common stock to Royal Palm Consulting, a majority stockholder, pursuant to a consulting agreement for web marketing services for the period December 2014 through December 2015. The fair value of the shares issued were recorded as prepaid marketing at March 31, 2015 and were re-measured until performance was completed in December 31, 2015, with the related expenses recorded over the service period. The final fair value of the 50,000 shares issued was $14,500 using the fair market value of the Company's stock in December 2015 when performance was complete.

Pursuant to the consulting agreement, Royal Palm Consulting was also issued 275,000 common shares in April 2015 for marketing services that were performed as of March 31, 2015. The shares were valued at $261,250 and fully expensed as of March 31, 2015. No expense related to these shares was recorded for the year ended March 31, 2016.

During the years ended March 31, 2016 and 2015, the Company issued 250,000 and 100,000 common shares with a fair value of $169,000 and $508,000, respectively, to officers as compensation.

On February 4, 2016, the Company received and cancelled 400,000 shares of its previously issued common stock to Dr. Katz and 100,000 shares previously issued to his administrative assistant pursuant to a settlement agreement (See Note 5).

Note 5 — Stockholders' (Deficit) Equity

Common stock

During the year ended March 31, 2015, the Company had sold 821,329 common shares and issued 333,332 warrants for cash at $0.50 to $.75 per share for total proceeds of $569,000.

During the year ended March 31, 2015, the Company issued 50,000 shares of common stock pursuant to Royal Palm's consulting agreement. The shares were valued at fair value of $57,500. As of March 31, 2015, the Company has amortized $14,500 and the remaining balance of $43,000 was recorded as a prepaid expense and was fully expensed during the year ended March 31, 2016 and 400,000 common shares with fair value of $477,000 to an officer and his administrative assistance as compensation.

During the year ended March 31, 2015, the Company issued 225,500 common shares with fair value of $260,410 to non-related parties for services and 400,000 common shares with fair value of $477,000 to an officer and his administrative assistant for compensation.

During the year ended March 31, 2016, the Company issued 1,156,333 common shares for cash of $332,875.

During the year ended March 31, 2016, the Company issued 250,000 fully vested common shares with a fair value of $169,000 as compensation to an employee who became an officer in October 2015. Of the shares issued, 200,000 shares were for compensation earned by the employee at the rate of 50,000 shares per quarter during the quarters ended June 30, 2015, September 30, 2015, December 31, 2015 and March 31, 2016: and 50,000 shares as a bonus pursuant to the employee's promotion to the position of chief operations officer during the quarter ended December 31, 2015. Compensation expense of $83,500 for the time he was an officer has been presented as compensation-officers, while compensation of $85,500 for the time he was an employee has been presented as general and administrative expense in the accompanying consolidated statement of operations for the year ended March 31, 2016.

During the year ended March 31, 2016, the Company issued 9,500 fully vested common shares with fair value of $9,025 for marketing services by various parties.

On February 4, 2016, the Company received and cancelled 400,000 shares of its previously issued common stock from Dr. Katz and 100,000 shares previously issued to his administrative assistant pursuant to a settlement agreement (see Note 7).

Pursuant to the consulting agreement, Royal Palm Consulting was also issued 275,000 common shares in April 2015 for marketing services that were performed as of March 31, 2015. The shares were valued at $261,250 and fully expensed as of March 31, 2015. No expense related to these shares was recorded for the year ended March 31, 2016.

Preferred stock

During the year ended March 31, 2015, the Company issued 5,200,000 preferred A shares with a fair value of $7,072,000 to a majority stockholder for services. Each share of preferred stock is entitled to ten votes as opposed to one vote for each share of common stock. This stock is convertible into one share of common stock commencing on July 18, 2015. No conversions have taken place through March 31, 2016.

Note 6 — Stock Purchase Warrants

During the year ended March 31, 2015, the Company issued 333,332 warrants to purchase common stock in connection with the issuance of an equity investment. A summary of the change in stock purchase warrants for the years ended March 31, 2016 and 2015 is as follows:

	Warrants Outstanding	Exercise Price	Remaining Contractual Life (Years)
Balance —March 31, 2014			
Warrants issued	333,332	$.75	.9
- - -			
Warrants expired	-	-	-
Warrants exercised	-	-	-
Balance, March 31, 2015	333,332	.75	.9
Warrants issued	-	-	-
- -			-
Warrants expired	-	-	-
Warrants exercised	-	-	-
Balance, March 31, 2016	333,332	$.75	.4

The balance of outstanding and exercisable common stock warrants at March 31, 2016 is as follows:

Number of Warrants Outstanding	Exercise Price	Remaining Contractual Life (Years)
333,332	$0.75	.4

Note 7 - Commitments and contingencies

Legal Proceedings

The Company is engaged in a legal controversy in arbitration with a former supplier, Cromogen Biotechnology Corporation ("Cromogen"). Cromogen did not perform in accordance with its contract to supply high quality hemp oil to the Company on a consistent and timely manner. In accordance with the arbitration clause stipulated by the contract, in the arbitration proceeding, the Company filed a counterclaim and affirmative defenses to Cromogen's claims for damages. The Company also filed a legal action in the courts of Florida against Cromogen, its principals and related companies, wherein fraud is alleged in connection with Cromogen's representations regarding the formulation and quality of the hemp oil supplied. The legal action in the Florida courts has been stayed by court order. The arbitration, is pending in New York City, as agreed in the contract. Cromogen has alleged damages of a direct and consequential nature. The Company filed a counterclaim for damages sustained as a proximate result of Cromogen's deficient and defective performance. The Company made settlement offers to Cromogen, however, such offers have been rejected. Due to the arbitration administrator's rules, the arbitration proceeding has been on hiatus since the end of January 2016. As a result, no arbitration decision has been issued as of the date of this filing. Management has consulted with legal counsel and has recorded an estimated accrual based on the probability of an arbitration award and legal fees against the Company of $223,500 as of March 31,2016.

Legal Proceedings-(Continued)

On July 21, 2015 the Company filed a lawsuit in Palm Beach County, Florida, for a claim against its former CEO, Dr. Harvey Katz and his administrative assistant, asserting various counts such as Breach of Contract, Unjust Enrichment, Negligence, Conspiracy and Conversion. On November 9, 2015 the Company and the plaintiffs entered into a settlement agreement and the Company agreed to make a total payment of $31,000 to Dr. Katz and his administrative assistant. As part of the settlement agreement, 500,000 shares of the Company's common stock previously issued to the plaintiffs as compensation were returned to the Company and cancelled on February 4, 2016 (see note 5). The Company had an Employment Agreement with its former CEO which called for issuance of $50,000 worth of restricted common shares per quarter as compensation for his services which was terminated on May 10, 2015. As of March 31, 2016, settlement payment has been tendered and the return of the shares has been consummated.

Employment Agreement

The Company is a party to an employment agreement with its chief operations officer through October 9, 2016. The terms of the agreement require the Company to pay its chief operations officer a monthly salary of $6,000 and 50,000 shares of the Company's common stock fully vesting at the end of each quarter. This agreement is cancelable by either party giving thirty days' notice.

Consulting Agreement

Effective May 1, 2015, the Company entered into a Product Development and Marketing Agreement with Majorca Group, Inc. a principal stockholder for cash compensation equal to 15% of certain net sales. Under the Agreement, the Company engaged Majorca to assist with the development and marketing of new product lines and to effect introductions of business prospects to the Company. This Agreement shall terminate on the 30th day of April, 2018 and is renewable for a second term of three years at the option of the Developer by 60-day notice to the Company prior to the expiration of the first term. There have been no commissions paid during the years pursuant to this agreement.

Lease Agreements

During 2014, the Company's wholly owned subsidiary, Nutrition Empire Inc. entered into a five-year retail store lease agreement in Coral Gables, Florida commencing December 1, 2014 through November 30, 2019 for aggregate rent of $223,725. The amount is to be paid monthly over the term of the lease. A deposit of $17,211 was tendered to secure the lease. Pursuant to the first amendment to this agreement dated January 26, 2016, Nutrition Empire entered into a rent adjustment period from September 1, 2015 continuing through August 31, 2016, where tenant agreed to pay rent equal to ten percent of its gross sales, only.

In April, 2015, the Company entered into a lease covering its new Boca Raton, Florida headquarters. The lease term is for three years commencing on July 1, 2015. The monthly rent including sales tax is $1,908 and fixed at this amount for the next three years. A deposit of $3,816 was tendered to secure the lease.

Note 7 - Commitments and contingencies-(Continued)

Lease Agreements-(Continued)

Future minimum lease payments for office and warehouse space are as follows:

Year	Amount
2017	$ 68,177
2018	68,166
2019	52,805
2020	32,213
	$ 221,361

Rent expense for the years ended March 31, 2016 and 2015 amounted to $52,163 and $27,077 respectively.

Note 8-Restatement

The Company had restated its March 31, 2015 balance sheet, income statement and cash flow statement as originally presented in its financial statement filed with its 2015 10-K filed on August 5, 2015 to correct the valuation of common shares issued pursuant to agreements with consultants and to properly record the value of common shares issued at fair value as follows:

Changes to Balance Sheet:

	March 31, 2015		
	As Previously Reported	Adjustments	As Restated
Prepaid Expense	$ 125,379	$ (23,760)	$ 101,619
Additional paid in capital	$ (21,161,119)	$ (255,010)	$ (21,416,129)
Accumulated Deficit	$ 21,766,964	$ 231,250	$ 21,998,214

Changes to Statement of Operations:

	For the Year Ended March 31, 2015		
	As Previously Reported	Adjustments	As Restated
Marketing Fees	$ 414,218	$ 255,010	$ 669,228
Net Loss	$ (8,515,728)	$ (255,010)	$ (8,770,738)

Note 8-Restatement-(Continued)

Changes to Statement of Cash Flow:

	March 31, 2015		
	As Previously Reported	**Adjustments**	**As Restated**
Net loss	$ (8,515,728)	$ (255,010)	$ (8,770,738)
Stock based compensation	$ 8,180,026	$ 255,010	$ 8,435,036
Increase in prepaid	$ (58,495)	$ 23,760	$ (34,735)

Note 9-Income Taxes

A reconciliation of the differences between the effective income tax rates and the statutory tax rates for the years ended March 31, 2016 and 2015 (computed by applying the a combined corporate tax rate of 38.5 percent to the loss before taxes) is as follows:

	2016	2015
Tax benefit at statutory rate	$ (471,783)	$ (3,300,429)
Stock based compensation	52,092	3,165,332
Increase in valuation allowance	419,691	135,097
	$ -	$ -

Note 9-Income Taxes-(Continued)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and liabilities for the years ended March 31, 2016 and 2015 consisted of the following:

	2016	2015
Net operating loss carry-forward	$ 525,809	$ 189,807
Deferred tax asset: Accrued settlement	86,226	-
Deferred tax liability: Depreciation expense	(2,538)	-
Net deferred tax asset	609,498	189,807
Valuation allowance	(609,498)	(189,807)
	$ -	$ -

At March 31, 2016 and 2015, the Company had net deferred tax assets of $609,498 and $189,807 principally arising from net operating loss carry-forwards ("NOL") and the accrued settlement for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset has been established at March 31, 2016 and 2015. At March 31, 2016, the Company has net operating loss carry forwards totaling $1,375,326, which will begin to expire in 2030.

The Company's NOL and tax credit carryovers may be significantly limited under the Internal Revenue Code (IRC). NOL and tax credit carryovers are limited under Section 382 when there is a significant "ownership change" as defined in the IRC.

The limitations imposed by the IRC would place an annual limitation on the amount of NOL and tax credit carryovers that can be utilized. When the Company completes the necessary studies, the amount of NOL carryovers available may be reduced significantly. However, since the valuation allowance fully reserves for all available carryovers, the effect of the reduction would be offset by a reduction in the valuation allowance.

Note 10 – Prepaid Expenses and Other Current Assets

During the year ended March 31, 2015, the Company issued 50,000 shares of common stock to Royal Palm Consulting, a majority stockholder, pursuant to a consulting agreement for web marketing services for the period December 2014 through December 2015. The fair value of the shares issued were recorded as prepaid marketing at March 31, 2015 and were re-measured until performance was completed in December 31, 2015, with the related expenses recorded over the service period.

Note 10 – Prepaid Expenses and Other Current Assets-(Continued)

The final fair value of the 50,000 shares issued was $14,500 using the fair market value of the Company's stock in December 2015. No other stock issuances impacted prepaid expenses for the year ended March 31, 2016.

Note 11-Property and Equipment, net

At March 31, 2016 and 2015, property and equipment consisted of the following:

	2016	2015
Sign	$ 6,500	$ 6,500
Furniture and Equipment	14,649	1,509
Software	974	974
Leasehold improvements	51,300	51,300
Architectural and Design	8,700	8,700
	82,123	68,983
Less accumulated depreciation	(13,661)	(3,129)
	$ 68,462	$ 65,854

Depreciation expense for the years ended March 31, 2016 and 2015 was $10,533 and $3,129, respectively.

Note 12 -Major Customers and Suppliers

The Company sold approximately 33% and 22% of its total revenues to two customers during the years ended March 31, 2016 and March 2015, respectively. The loss of these customers would have an adverse impact on the financial position of the Company.

The Company purchased approximately 75% and 73% of its products from two suppliers during the years ended March 31, 2016 and 2015, respectively. The Company believes that the loss of these suppliers would not have an adverse impact on the financial position of the Company due to the abundance of suppliers.

Note 13-Subsequent Events

Agreements

The Company has executed a binding letter of intent to acquire all the assets of BEO ITS, Inc.**,** a company engaged in the development of medical devices, tests and vaccines for STIs (Sexually Transmitted Infections and/or Diseases). Based on the final definitive asset purchase agreement, ETST has formed a new wholly owned subsidiary, Earth Science Pharmaceutical, Inc.**,** domiciled in the state of Florida. In addition, Dr. Michel Aubé, the CEO and principal owner of BEO ITS, Inc. will be elected as the CEO of Earth Science Pharmaceutical, Inc.**,** a wholly owned subsidiary of ETST.

Note 13-Subsequent Events-(Continued)

Stock Sales

Subsequent to year end the Company issued 238,137 shares of common stock at a price of $0.35 per share for $83,345 in cash and received a deposit of $1,750 on 8,750 common stock pending issuance.