



ANNUAL FINANCIAL STATEMENTS

(AUDITED)

PERIOD ENDING DECEMBER 31, 2009
PERIOD ENDING DECEMBER 31, 2010

ORGANIC PLANT HEALTH, INC

9206 MONROE ROAD, CHARLOTTE, NC 28270

CERTIFIED AUDIT

PERFORMED BY

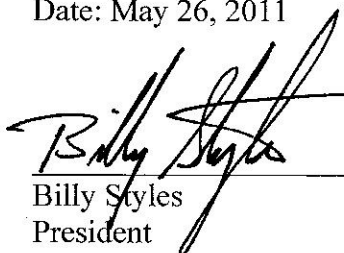
SILBERSTEIN UNGAR, LPPA

I, Billy Styles certify that:

1. I have reviewed the Financial Statements for the years ended December 31, 2010 and 2009 of Organic Plant Health, Inc.

2. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference hereto, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented hereto.

Date: May 26, 2011



Billy Styles
President

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(WITH REPORT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM THEREON)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Organic Plant Health, Inc.

We have audited the consolidated balance sheets of Organic Plant Health, Inc. and Subsidiary as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders'/members' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Organic Plant Health, Inc. as of December 31, 2010 and 2009, and the results of its consolidated operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has suffered a loss in 2010 and in 2009, has negative working capital, and generated a negative internal cash flow from operations in 2010 and 2009 that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Silberstein Ungar, PLLC

Silberstein Ungar, PLLC

Bingham Farms, Michigan

May 6, 2011

ORGANIC PLANT HEALTH, INC. AND SUBSIDIARY
AUDITED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS	\$	\$
Current Assets		
Cash and cash equivalents	6,625	29,257
Accounts receivable, net	8,213	30,195
Inventory	126,192	222,694
Total Current Assets	<u>141,030</u>	<u>282,146</u>
Property and equipment, net	<u>136,580</u>	<u>168,772</u>
Other Assets		
Security deposits	<u>6,700</u>	<u>6,700</u>
Total Other Assets	<u>6,700</u>	<u>6,700</u>
TOTAL ASSETS	<u>\$ 284,310</u>	<u>\$ 457,618</u>
LIABILITIES AND STOCKHOLDERS'/MEMBERS' DEFICIT		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 364,583	\$ 260,357
Accrued expenses	15,254	0
Accrued interest - related parties	17,103	3,323
Notes payable - current portion	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>396,940</u>	<u>263,680</u>
Long-Term Liabilities		
Notes payable	125,715	161,225
Notes payable - related parties	<u>139,184</u>	<u>335,184</u>
Total Long-Term Liabilities	<u>264,899</u>	<u>496,409</u>
TOTAL LIABILITIES	<u>661,839</u>	<u>760,089</u>
STOCKHOLDERS'/MEMBERS' DEFICIT		
Common stock, par value \$0.001; 150,000,000 shares authorized; 12,112,214 issued and outstanding - 2010	12,112	0
Preferred stock, par value \$0.001; 5,000,000 shares authorized; 4,000,000 shares issued and outstanding - 2010	4,000	0
Paid-in capital	369,888	0
Members' equity	0	125,000
Accumulated deficit	<u>(763,529)</u>	<u>(427,471)</u>
Total Stockholders'/Members' Deficit	<u>(377,529)</u>	<u>(302,471)</u>
TOTAL LIABILITIES AND STOCKHOLDERS'/MEMBERS' DEFICIT	<u>\$ 284,310</u>	<u>\$ 457,618</u>

ORGANIC PLANT HEALTH, INC. AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Sales	\$ 1,026,995	\$ 1,062,163
Cost of Goods Sold	<u>(465,970)</u>	<u>(601,963)</u>
GROSS PROFIT	<u>561,025</u>	<u>460,200</u>
OPERATING EXPENSES		
Professional fees	79,278	10,360
Rent	123,248	114,214
Bank and finance charges	18,664	14,805
Depreciation	32,603	32,278
Advertising and promotion	65,814	94,273
Automobile	14,620	14,363
Contract labor	62,711	31,421
Credit card processing fees	17,101	0
Website maintenance	9,153	19,287
Insurance	36,480	31,757
Travel, meals and entertainment	20,624	14,180
Wages and taxes	290,248	434,196
Commissions	16,891	4,225
Charitable contributions	0	7,500
Supplies	15,860	34,292
Telephone and utilities	34,493	17,218
Bad debt	122	8,252
General and administrative	<u>24,301</u>	<u>33,980</u>
TOTAL OPERATING EXPENSES	<u>862,211</u>	<u>916,601</u>
LOSS FROM OPERATIONS	<u>(301,186)</u>	<u>(456,401)</u>
OTHER INCOME (EXPENSE)		
Other income	25	436
Interest expense	<u>(34,896)</u>	<u>(26,472)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(34,871)</u>	<u>(26,036)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	(336,057)	(482,437)
PROVISION FOR INCOME TAXES	<u>0</u>	<u>0</u>
NET LOSS	<u>\$ (336,057)</u>	<u>\$ (482,437)</u>
NET LOSS PER SHARE: BASIC AND DILUTED	<u>\$ (0.06)</u>	<u>\$ N/A</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	<u>5,331,483</u>	<u>N/A</u>

ORGANIC PLANT HEALTH, INC. AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS'/MEMBERS' DEFICIT
AS OF DECEMBER 31, 2010 AND 2009

	Common stock		Preferred stock		Paid-in	Members'	Retained	
	Shares	Amount	Shares	Amount	Capital	Equity	Earnings (Deficit)	Total
Balance, January 1, 2009	0	\$ -	0	\$ -	\$ -	\$ 125,000	\$ 54,965	\$ 179,965
Net loss for the year ended December 31, 2009		-		-	-	-	(482,437)	(482,437)
Balance, December 31, 2009	0	0	0	0	0	125,000	(427,472)	(302,472)
Recapitalization of company in reverse merger	2,992,214	2,992	4,000,000	4,000	118,008	(125,000)	-	-
Shares issued for services	4,900,000	4,900	-	-	45,100	-	-	50,000
Shares issued to convert debt	4,220,000	4,220	-	-	206,780	-	-	211,000
Net loss for the year ended December 31, 2010		-	-	-	-	-	(336,057)	(336,057)
Balance, December 31, 2010	12,112,214	\$ 12,112	4,000,000	\$ 4,000	\$ 369,888	\$ -	\$ (763,529)	\$ (377,529)

ORGANIC PLANT HEALTH, INC. AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	\$ (336,057)	\$ (482,437)
Adjustments to reconcile net loss to net cash used by operating activities:		
Bad debt expense	122	8,252
Depreciation	32,603	32,278
Common stock issued for services	50,000	0
Changes in assets and liabilities:		
Accounts receivable	21,860	(18,091)
Inventory	96,502	42,070
Prepaid expenses	0	8,900
Accounts payable	104,226	159,357
Accrued expenses	15,254	(3,857)
Accrued interest - related parties	13,780	3,323
Net Cash Used by Operating Activities	<u>(1,710)</u>	<u>(250,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(411)	(13,261)
Return of security deposit	0	5,000
Net Cash Used By Investing Activities	<u>(411)</u>	<u>(8,261)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable - related parties	20,000	275,000
Payments on notes payable - related parties	(5,000)	(15,700)
Proceeds from notes payable	0	45,000
Payments on notes payable	(35,511)	(58,016)
Net Cash Provided By (Used by) Financing Activities	<u>(20,511)</u>	<u>246,284</u>
Net Decrease in Cash and Cash Equivalents	(22,632)	(12,182)
Cash and Cash Equivalents, Beginning of Period	<u>29,257</u>	<u>41,439</u>
Cash and Cash Equivalents, End of Period	<u>\$ 6,625</u>	<u>\$ 29,257</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ <u>21,116</u>	\$ <u>23,149</u>
Cash paid for income taxes	\$ <u>0</u>	\$ <u>0</u>
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING INFORMATION:		
Common stock issued in exchange for debt	\$ <u>211,000</u>	\$ <u>0</u>
Conversion of members' equity to common stock and paid-in capital in connection with reverse merger	\$ <u>125,000</u>	\$ <u>0</u>

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 1 ORGANIZATION AND BUSINESS BACKGROUND

Organic Plant Health, LLC, (referred to herein as “OPH”), a North Carolina Limited Liability Company, was originally founded in Charlotte, NC in 2007 by Billy Styles and Alan Talbert. The business produces and distributes organic based fertilizers and soil conditioners for use in the continual care of residential and commercial landscapes.

On December 10, 2010, OPH entered into a Plan of Exchange agreement (the “Plan of Exchange”) between and among the members of OPH (“OPH Members”) and Acumedspa Holdings, Inc., (herein referred to as the Company), a publically traded Nevada corporation, and its majority shareholder, Mr. Brian Sperber. Acumedspa Holdings was originally incorporated in the state of New York in 1995.

Pursuant to the terms of the Plan of Exchange, Acumedspa Holdings, Inc. acquired 100% of the membership interests of OPH in exchange for a transfer of 3,985,000 shares of the Company’s Convertible Preferred Stock to OPH Members, which gave OPH Members a controlling interest in Acumedspa Holdings, Inc., representing approximately 76.47% of the then issued and outstanding shares on a dilutive basis. OPH and Acumedspa Holdings, Inc. were hereby reorganized, such that the Company acquired 100% of the ownership of OPH, and OPH became a wholly-owned subsidiary of the Company.

The stock exchange transaction has been accounted for as a reverse acquisition and recapitalization of the Company whereby OPH is deemed to be the accounting acquirer (legal acquiree) and the Company to be the accounting acquiree (legal acquirer). The accompanying consolidated financial statements are in substance those of OPH, with the assets and liabilities, and revenues and expenses, of the Company being included effective from the date of stock exchange transaction. The Company is deemed to be a continuation of the business of OPH. Accordingly, the accompanying consolidated financial statements include the following:

- (1) The balance sheet consists of the net assets of the accounting acquirer at historical cost and the net assets of the accounting acquiree at historical cost;
- (2) The financial position, results of operations, and cash flows of the accounting acquirer for all periods presented as if the recapitalization had occurred at the beginning of the earliest period presented and the operations of the accounting acquiree from the date of stock exchange transaction.

On December 11, 2010, the Company vended out the two subsidiaries, ACUMEDSPA LLC, a Tennessee Limited Liability Company, and CONSUMER CARE OF AMERICA LLC, a Florida Limited Liability Company, pursuant to an Agreement entered between and among OPH and Chinita LLC, a Nevada Limited Liability Company (“Buyer”). Accordingly, the Buyer acquired 100% interest in ACUMEDSPA LLC and 100% interest in CONSUMER CARE OF AMERICA LLC, as well as any and all assets and liabilities in both subsidiaries in exchange for the total payments of not less than Two Hundred dollars. As a result of the transactions consummated at the closing, the purchase gave the Buyer a 'controlling interest' in both subsidiaries; therefore, ACUMEDSPA LLC and CONSUMER CARE OF AMERICA LLC were no longer wholly-owned subsidiaries of the Company.

Organic Plant Health, Inc. and OPH are hereinafter referred to as (the “Company”).

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) under the accrual basis of accounting.

Use of estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These accounts and estimates include, but are not limited to, the valuation of accounts receivables, inventories, income taxes and the estimation on useful lives of property, plant and equipment. Actual results could differ from these estimates.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary.

All significant inter-company balances and transactions within the Company and subsidiary have been eliminated upon consolidation.

Cash and Cash Equivalents

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash and equivalents for purposes of the statement of cash flows.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is established and determined based on managements' assessment of known requirements, aging of receivables, payment history, the customer's current credit worthiness and the economic environment. As of December 31, 2010 and 2009, the Company had allowances for uncollectible accounts of \$2,332 and \$7,640, respectively.

Inventory

Inventories consist of finished goods and are valued at lower of cost or market value, cost being determined on the first-in, first-out method. The Company periodically reviews historical sales activity to determine excess, slow moving items and potentially obsolete items and also evaluates the impact of any anticipated changes in future demand. The Company provides inventory allowances based on excess and obsolete inventories determined principally by customer demand. As of December 31, 2010 and 2009, the Company did not record an allowance for obsolete inventories, nor had there been any write-offs during the years ended December 31, 2010 and 2009, respectively.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets, net

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	<u>Depreciable life</u>	<u>Residual value</u>
Machinery and Equipment	5 years	5%
Furniture and fixture	7 years	5%
Software	3 years	5%

Expenditure for maintenance and repairs is expensed as incurred.

Fair Value for Financial Assets and Financial Liabilities

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company’s financial assets and liabilities, such as cash and accounts payable approximate their fair values because of the short maturity of these instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at December 31, 2010 nor gains or losses are reported in the statement of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the for the years ended December 31, 2010 and 2009, respectively.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

In accordance with guidance by paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition, the Company recognizes revenue when persuasive evidence of an arrangement exists, transfer of title has occurred or services have been rendered, the selling price is fixed or determinable and collectability is reasonably assured. OPH provides a warranty, but only in as much as the products conform to their descriptions and that they are reasonably fit for the purpose stated on the label, when used properly under normal conditions.

(a) Sale of products

The Company recognizes revenue from the sale of products upon delivery to the customers and the transfer of title and risk of loss. The Company did not record any product returns for the years ended December 31, 2010 and 2009, respectively.

(b) License income

The Company recognizes revenue from the sale of license agreements, and optional license agreements, to approved distribution partners that desire to represent the Company in developing sales and marketing agreements with potential wholesale customers. The Company recognizes this revenue upon execution of the licensing agreement.

Cost of Goods Sold

Cost of goods sold consists primarily of costs of raw materials and direct labor, and other costs directly attributable to the production of products. Write-down of inventories to lower of cost or market is also recorded in cost of goods sold.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value method following the guidance set forth in section 718-10 of the FASB Accounting Standards Codification for disclosure about Stock-Based Compensation. This section requires a public entity to measure the cost of services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which a consultant is required to provide service in exchange for the award within the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which consultants do not render the requisite service. During the year ended December 31, 2010, the Company recorded \$50,000 in compensation expense based on the fair value of services rendered in exchange for common shares issued to the consultants. These approximated the fair value of the shares at the dates of issuances.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company adopts the ASC Topic 740, “*Income Taxes*” regarding accounting for uncertainty in income taxes, which prescribes the recognition threshold, and measurement attributes for financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. In addition, the guidance requires the determination of whether the benefits of tax positions will be more likely than not sustained upon audit based upon the technical merits of the tax position. For tax positions that are determined to be more likely than not sustained upon audit, a company recognizes the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not determined to be more likely than not sustained upon audit, a company does not recognize any portion of the benefit in the financial statements. The guidance provides for de-recognition, classification, penalties and interest, accounting in interim periods and disclosure.

For the years ended December 31, 2010 and 2009, the Company did not have any interest and penalties associated with tax positions. As of December 31, 2010 and 2009, the Company did not have any significant unrecognized uncertain tax positions.

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. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

Loss Per Share

Net loss per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during each period.

Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence. A material related party transaction has been identified in Note 7 and Note 8 in the financial statements.

Subsequent Events

The Company evaluated for subsequent events through the issuance date of the Company’s financial statements.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued accounting standards

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its consolidated financial condition or the consolidated results of its operations.

Credit Quality of Financing Receivables and the Allowance for Credit Losses

In July 2010, the Financial Accounting Standards Board (“FASB”) amended the requirements for *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The new disclosures as of the end of the reporting period are effective for the fiscal year ending December 31, 2010, while the disclosures about activity that occurs during a reporting period are effective for the first fiscal quarter of 2011. The adoption of this guidance will not impact the Company’s consolidated results of operations or financial position.

Fair Value Measurements and Disclosures

In January 2010, the FASB issued authoritative guidance regarding fair value measures and disclosures. The guidance requires disclosure of significant transfers between level 1 and level 2 fair value measurements along with the reason for the transfer. An entity must also separately report purchases, sales, issuances and settlements within the level 3 fair value roll forward. The guidance further provides clarification of the level of disaggregation to be used within the fair value measurement disclosures for each class of assets and liabilities and clarified the disclosures required for the valuation techniques and inputs used to measure level 2 or level 3 fair value measurements. This new authoritative guidance is effective for the Company in fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this guidance will not impact the Company’s consolidated results of operations or financial position.

NOTE — 3 ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following amounts at the respective dates:

	As of December 31,	
	2010	2009
Gross trade accounts receivable from customers	\$ 10,545	\$ 37,835
Allowance for doubtful customer accounts	(2,332)	(7,640)
	<u>\$ 8,213</u>	<u>\$ 30,195</u>

Bad debt expense of \$122 and \$8,252 were recognized during the years ended December 31, 2010 and 2009, respectively, in the accompanying consolidated income statements.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 4 INVENTORIES

Inventories are comprised of the following amounts at the respective dates:

	As of December 31,	
	2010	2009
Raw materials	\$ 41,408	\$ 112,083
Work in process	14,996	924
Finished goods	69,788	109,687
	126,192	222,694
Provision for obsolete inventories	0	0
	<u>\$ 126,192</u>	<u>\$ 222,694</u>

NOTE — 5 FIXED ASSETS

Property, plant and equipment are comprised of the following amounts at the respective dates:

	As of December 31,	
	2010	2009
Cost:		
Machinery and equipment	\$ 178,309	\$ 177,898
Furniture and fixtures	25,623	25,623
Software	12,949	12,949
	216,881	216,470
Less: Accumulated depreciation	(80,301)	(47,698)
Net	<u>\$ 136,580</u>	<u>\$ 168,772</u>

NOTE — 6 LOAN PAYABLE

The Company has a line of credit with Bank of Granite at an annual rate of 8.5%. The current portion on this credit line was \$27,463 and \$45,422 as of December 31, 2010 and 2009, respectively. Accordingly, the Company recorded interest expenses of \$2,510 and \$8,957 during the years ended December 31, 2010 and 2009, respectively.

NOTE — 7 LOAN PAYABLE – RELATED PARTIES

In July 2009, the Company's shareholders made several loans in total amount of \$275,000 to the Company to fund its operations. The shareholder loans were evidenced by promissory notes due in July 2012, with interest at the floating interest rate of Prime plus 2.5%. The interest rate will be adjusted each calendar quarter of January 1, April 1, July 1 and October 1. Accordingly, the Company recorded interest expenses of \$0.00 and \$0.00 in connection with the shareholder loans during the years ended December 31, 2010 and 2009, respectively, as shareholders waived interest payments they were entitled to receive.

The principal balance of the shareholder loans was \$266,800 as of December 31, 2009 due to cash payments of \$8,200 made during the year of 2009.

The principal balance of the shareholder loans was \$55,800 as of December 31, 2010 due to the settlement of \$211,000 in shareholder loans through the issuance of 4,220,000 shares of the Company's common stock. This debt was converted at a discounted rate of \$.05 per common share.

ORGANIC PLANT HEALTH INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE — 8 DUE TO SHAREHOLDER

In addition to the shareholder loans in Note 7, the Company had outstanding balances of \$83,384 and \$68,384 due to the Company's President as of December 31, 2010 and 2009, respectively. The funds borrowed from the Company's President was for the company to fund its operations, and not evidenced by any promissory note, which was an oral agreement between the President and the Company and due on demand. No interest was accrued due to the immateriality.

NOTE — 9 LONG-TERM LIABILITIES

The Company has a long-term loan payable to Bank of North Carolina at an annual rate of 6.5% and due on June 30, 2013. The balance of this bank loan was \$98,252 and \$115,803 as of December 31, 2010 and 2009, respectively. Accordingly, the Company recorded interest expenses of \$11,543 and \$9,041 during the years ended December 31, 2010 and 2009, respectively.

NOTE — 10 CAPITAL TRANSACTIONS

On December 10, 2010, the Board of Directors and Majority Shareholders of the Company authorized the effectuation of a 1-for-50 reverse split of the Company's Common Stock (the "Common Stock Reverse Split"). Accordingly, the Common Stock Reverse Split combined the Company's outstanding Common Stock on the basis of 50 outstanding shares being changed to 1 outstanding share. All options, warrants, and any other similar instruments convertible into, or exchangeable or exercisable for, shares of common stock were proportionally adjusted. The Company's number of authorized shares of Common Stock remained unchanged.

The Common Stock Reverse Split became effective on January 27, 2011 pursuant to the FINRA announcement. The consolidated statement of stockholders' equity and the loss per share numbers in the consolidated financial statements have been restated per FASB 128 paragraph 134, as if the Common Stock Reverse Split took effect at the beginning of the periods presented.

On December 31, 2010, the Board of Directors of the Company approved the issuance of 4,220,000 shares of the Company's Common Stock to settle \$211,000 in shareholder loans. This debt was converted at a discounted rate of \$.05 per common share.

NOTE — 11 STOCK BASED COMPENSATION

On July 1, 2010, the Company entered into a consulting service agreement with a Consultant in exchange for 4,900,000 shares of common stock of the Company. The fair value of the common stock issued was determined using the fair value of the Company's common stock on the grant date at approximately \$.01 per share. Accordingly, the Company calculated stock based compensation of \$50,000, which was recognized in full for the year ended December 31, 2010 due to the completion of services rendered.

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NOTE — 12 COMMITMENT AND CONTINGENCIES

The Company leases its retail stores and manufacturing facilities under non-cancelable operating lease agreements. The Company has no long-term lease agreements as the current expansion plans call for the Company to move to larger manufacturing and warehousing facilities in Q4 2011 to Q1 2012.

Year ended December 31	Lease payment
2011	\$116,850
2012	\$0
2013	\$0
2014	\$0
2015	\$0
Total	\$116,850

For the years ended December 31, 2010 and 2009, rental expenses were \$123,248 and \$114,214, respectively.

NOTE — 13 LOSS PER SHARE

Basic net loss per share is computed using the weighted average number of the ordinary shares outstanding during the year. There were no dilutive common stock equivalents as of December 31, 2010 and 2009, respectively, due to net losses during the years.

The following table sets forth the computation of basic net loss per share for the years indicated:

	For year ended December 31, 2010	2009
Numerator:		
- Net loss	\$ (336,634)	\$ (482,437)
Denominator:		
- Weighted average common shares outstanding	149,610,679	n/a
Basic net loss per share	<u>\$ **(0.0023)</u>	<u>\$ n/a</u>

** Less than \$.01

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NOTE — 14 CONCENTRATION AND RISK

In 2009 the Company had one customer whose purchases exceeded 10% of the Company's total revenues. This customer represented 11.5% of the Company's total revenues. In 2009 the Company had one vendor from whom company purchases exceeded 10% of the Company's total purchases. This vendor represented 29.6% of the company's total purchases.

In 2010 the Company had one customer whose purchases exceeded 10% of the Company's total revenues. This customer represented 10.1% of the Company's total revenues. In 2010 the Company had one vendor from whom company purchases exceeded 10% of the Company's total purchases. This vendor represented 23.8% of the company's total purchases.

NOTE — 15 GOING CONCERN

These consolidated financial statements have been prepared assuming that Company will continue as a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

As of December 31, 2010, the Company had an accumulated deficit of \$763,529. Management has taken certain action and continues to implement changes designed to improve the Company's financial results and operating cash flows. The actions involve certain cost-saving initiatives and growing strategies, including (a) reductions in raw materials costs, as well as packaging costs; and (b) expansion of the business model into new markets. Management believes that these actions will enable the Company to improve future profitability and cash flow in its continuing operations through December 31, 2011. As a result, the financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of the Company's ability to continue as a going concern.

Management is confident that funds raised through a planned registration statement with the SEC will allow the company to build out its infrastructure and make key hires in sales and sales management that will increase revenues significantly and return the company to profitability in the short term.

NOTE — 16 SUBSEQUENT EVENTS

On March 14, 2011, the Board of Directors and Majority Shareholders of the Company authorized the effectuation of a 1-for-4 reverse split of the Company's Preferred Stock (the "Preferred Stock Reverse Split"). Accordingly, the Preferred Stock Reverse Split combined the Company's authorized and outstanding Preferred Stock on the basis of 4 authorized and outstanding shares being changed to 1 authorized and outstanding share. All options, warrants, and any other similar instruments convertible into, or exchangeable or exercisable for, shares of preferred stock were proportionally adjusted. As a result, the Company's number of authorized shares of preferred stock decreased to 5,000,000 shares, of which 3,999,999 shares of preferred stock issued and outstanding.

The Preferred Stock Reverse Split became effective upon the Company filing a Certificate of Change with the Secretary of State of the State of Nevada on April 21, 2011. The consolidated statement of stockholders' equity has been restated per FASB 128 paragraph 134, as if the Preferred Stock Reverse Split took effect at the beginning of the periods presented.