

## **Caribbean International Holdings, Inc.**

### Financial Statements

For the year ended December 31, 2013

(unaudited)

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**Caribbean International Holdings, Inc.**

## Balance Sheets

(unaudited)

	December 31, 2013 \$	December 31, 2012 \$
<b>ASSETS</b>		
Cash	23,131	114,798
Amounts receivable	–	100,000
Total Current Assets	23,131	214,798
Investment in Stem Cell Marketing, Inc.	–	50,000
Investment in South of the Border Holdings, Inc.	75,000	–
Property and Equipment (note 3)	48,000	72,000
Intangible Assets (note 3)	36,188	36,247
Total Non-Current Assets	159,188	158,247
Total Assets	182,319	373,045
<b>LIABILITIES</b>		
Current Liabilities		
Convertible note payable (note 5)	39,509	68,500
Due to related party (note 4)	40,303	–
Total Liabilities	79,812	68,500
<b>STOCKHOLDERS' EQUITY</b>		
Series A Convertible Preferred Stock		
Authorized: 5,333 preferred shares with a par value of \$0.001 per share		
Issued and outstanding: 5,333 preferred shares	5	5
Series A-1 Convertible Preferred Stock		
Authorized: 500,000 preferred shares with a par value of \$0.001 per share		
Issued and outstanding: 500,000 preferred shares	500	500
Series B Preferred Stock		
Authorized: 5 preferred shares with a par value of \$0.001 per share		
Issued and outstanding: 5 preferred shares	1	1
Series B-1 Convertible Preferred Stock		
Authorized: 500,000 preferred shares with a par value of \$0.001 per share		
Issued and outstanding: 475,000 preferred shares	475	475
Common Stock		
Authorized: 975,000,000 common stock with a par value of \$0.001 per share		
Issued and outstanding: 139,257,585 and 10,766,604 common stock, respectively	139,258	10,767
Additional paid-in capital	4,566,329	4,455,078
Accumulated deficit	(4,604,061)	(4,162,281)
Total Stockholders' Equity	102,507	304,545
Total Liabilities and Stockholders' Equity	182,319	373,045

(The accompanying notes are an integral part of these financial statements)

**Caribbean International Holdings, Inc.**Statements of Operations  
(unaudited)

	Year ended December 31, 2013 \$	Year ended December 31, 2012 \$
Revenues from stem cell marketing	15,309	—
Total gross profit	15,309	—
Operating expenses		
Amortization and depreciation	29,309	221,684
General and administrative	211,085	293,734
Management fees	—	8,500
Total operating expenses	240,394	523,918
Net loss before other expense	(225,085)	(523,918)
Other expense		
Impairment of assets	(136,012)	—
Net loss from continuing operations	(361,097)	(523,918)
Net loss from discontinued operations	(80,683)	(2,808,363)
Net loss for the year	(441,780)	(3,332,281)
Net Earnings per Share – Basic and Diluted	(0.01)	(0.40)
Weighted Average Shares Outstanding – Basic and Diluted	52,680,000	8,284,715

(The accompanying notes are an integral part of these financial statements)

**Caribbean International Holdings, Inc.**  
Statements of Stockholders' Equity  
For years ended December 31, 2013 and 2012  
(unaudited)

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series B Preferred Stock		Series B-1 Convertible Preferred Stock		Common Stock		Additional Paid- In Capital	Accumulated Deficit	Total
	Shares #	Value \$	Shares #	Value \$	Shares #	Value \$	Shares #	Value \$	Shares #	Value \$	\$	\$	\$
Balance – December 31, 2011	5,333	5	450,000	450	5	1	40,000	40	8,292,502	8,293	4,296,140	(830,000)	3,474,929
Issuance of shares for cash	–	–	50,000	50	–	–	435,000	435	2,474,102	2,474	158,938	–	161,897
Net loss for the year	–	–	–	–	–	–	–	–	–	–	–	(3,332,281)	(3,332,281)
Balance – December 31, 2012	5,333	5	500,000	500	5	1	475,000	475	10,766,604	10,767	4,455,078	(4,162,281)	304,545
Issuance of shares for cash	–	–	–	–	–	–	–	–	24,499,981	24,500	111,251	–	135,751
Issuance of shares for investment	–	–	–	–	–	–	–	–	75,000,000	75,000	–	–	75,000
Issuance of shares for debt	–	–	–	–	–	–	–	–	28,991,000	28,991	–	–	28,991
Net loss for the year	–	–	–	–	–	–	–	–	–	–	–	(441,780)	(441,780)
Balance – December 31, 2013	5,333	5	500,000	500	5	1	475,000	475	139,257,585	139,258	4,566,329	(4,604,061)	102,507

(The accompanying notes are an integral part of these financial statements)

**Caribbean International Holdings, Inc.**

## Statements of Cashflows

(unaudited)

	For the year ended December 31, 2013 \$	For the year ended December 31, 2012 \$
<b>Operating Activities</b>		
Net loss	(441,780)	(3,332,281)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	29,309	221,684
Impairment of assets	136,012	2,590,905
Changes in operating assets and liabilities:		
Accounts receivable	—	41,471
Note receivable	—	(100,000)
Accounts payable and accrued liabilities	—	(9,131)
<b>Net Cash Used In Operating Activities</b>	<b>(277,786)</b>	<b>(587,352)</b>
<b>Investing Activities</b>		
Proceeds from sale of casino operations	100,000	500,000
Purchase of intangible assets	(3,923)	—
Investment in companies	(86,012)	—
<b>Net Cash Provided by Investing Activities</b>	<b>10,065</b>	<b>500,000</b>
<b>Financing Activities</b>		
Proceeds from issuance of common shares	135,751	161,897
Proceeds from related parties	57,553	14,072
Repayment to related parties	(17,250)	—
<b>Net Cash Provided by Financing Activities</b>	<b>176,054</b>	<b>175,969</b>
<b>Increase (decrease) in Cash</b>	<b>(91,667)</b>	<b>88,617</b>
<b>Cash – Beginning of Period</b>	<b>114,798</b>	<b>26,181</b>
<b>Cash – End of Period</b>	<b>23,131</b>	<b>114,798</b>
<b>Supplemental Disclosures</b>		
Interest paid	8,182	—
Income tax paid	—	—

(The accompanying notes are an integral part of these financial statements)

# Caribbean International Holdings, Inc.

Notes to the Financial Statements

(unaudited)

## 1. Nature of Operations and Continuance of Business

Caribbean International Holdings, Inc. (the "Company") was incorporated in the state of Florida in 2009. The Company is a holding company, with assets in gaming and stem cell marketing.

On November 15, 2012, the Company sold its interest in a casino located in Dominican Republic for \$725,000. The Company is currently focused on stem cell marketing.

### Going Concern

These financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2013, the Company has a working capital deficit of \$56,681, and has an accumulated deficit of \$4,604,061. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, and its ability to identify future investment opportunities and obtain the necessary debt or equity financing, and generating profitable operations from the Company's operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## 2. Summary of Significant Accounting Policies

### a) Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). Users are cautioned that these financial statements are prepared by management and were not independently audited by a third-party professional accounting firm. The Company's fiscal year end is December 31, 2013.

### b) Use of Estimates

The preparation of these financial statements 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 period. The Company regularly evaluates estimates and assumptions related to the determination of the going concern assessment, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

### d) Basic and Diluted Net Loss per Share

The Company computes net loss per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive. As of December 31, 2013 and 2012, the Company did not have any potentially dilutive shares.

## Caribbean International Holdings, Inc.

(A Development Stage Company)

Notes to the Financial Statements

### 2. Summary of Significant Accounting Policies (continued)

#### e) Property and Equipment

Property and equipment consists of casino equipment, and are stated at cost and amortized on a straight-line basis over three years.

#### f) Intangible Assets

Intangible asset consist of slot machine licenses, and are measured at cost and amortized over its expected useful life of ten years. Impairment tests are conducted annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test compares the carrying amount of the intangible asset with its fair value, and an impairment loss is recognized in income for the excess, if any. The amortization methods and estimated useful lives of intangible assets are reviewed annually.

#### g) Long-Lived Assets

In accordance with ASC 360, "*Property, Plant and Equipment*", the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

#### h) Financial Instruments

Pursuant to ASC 820, *Fair Value Measurements and Disclosures*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

##### *Level 1*

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

##### *Level 2*

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

##### *Level 3*

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

## Caribbean International Holdings, Inc.

(A Development Stage Company)

Notes to the Financial Statements

### 2. Summary of Significant Accounting Policies (continued)

#### i) Comprehensive Income

ASC 220, *Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at December 31, 2013 and 2012, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

#### j) Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives at each balance sheet date. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed.

#### k) Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 830 *Foreign Currency Translation Matters*, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these financials statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

#### l) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### 3. Property and Equipment and Intangible Assets

			Net Carrying Value	
	Cost	Accumulated	2013	2012
	\$	Amortization	\$	\$
		\$		
Casino equipment	72,000	24,000	48,000	72,000
Slot machine licenses	53,091	16,903	36,188	36,247
	125,091	40,903	84,188	108,247

### 4. Related Party Transactions

At December 31, 2013, the Company owes \$40,303 (2012 - \$nil) to the President and Director of the Company for financing of day-to-day operations. The amounts owing are unsecured, non-interest bearing, and due on demand.

### 5. Convertible Note Payable

At December 31, 2013, the Company owes \$39,509 (2012 - \$68,500) of note payable to a non-related party. The amounts owing are unsecured, bears interest at 10% per month, and is due on demand. Amounts owing are convertible into common shares of the Company at a conversion rate of \$0.001 per share. During the year ended December 31, 2013, the Company issued 28,991,000 common shares for the conversion of \$28,991 of convertible note payable.



## Caribbean International Holdings, Inc.

(A Development Stage Company)

Notes to the Financial Statements

### 6. Common Stock

- a) During the year ended December 31, 2013, the Company issued 24,499,981 common shares for proceeds of \$135,751.
- b) During the year ended December 31, 2013, the Company issued 28,991,000 common shares for the conversion of \$28,991 of convertible notes payable.
- c) On August 1, 2013, the Company issued 75,000,000 common shares with a fair value of \$75,000 for investment in South of the Border Holdings, Inc.
- d) On January 17, 2013, the Company authorized a reverse stock split of its issued and outstanding common shares on a 35-to-1 basis. The effects of the reverse stock split decreased the issued and outstanding common shares from 376,831,171 common shares to 10,766,604 common shares and have been applied on a retroactive basis.

### 7. Income Taxes

The income tax benefit differs from the amount computed by applying the US federal income tax rate of 34% to net loss before income taxes for the years ended December 31, 2013 and 2012 as a result of the following:

	2013 \$	2012 \$
Net loss before taxes	(441,780)	(3,332,281)
Statutory rate	34%	34%
Expected tax recovery	(150,205)	(1,132,975)
Change in valuation allowance	150,205	1,132,975
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities as at December 31, 2013 and 2012, after applying enacted corporate income tax rates, are as follows:

	2013 \$	2012 \$
Net operating losses carried forward	1,565,381	1,415,176
Valuation allowance	(1,565,381)	(1,415,176)
Net deferred tax asset	—	—

The Company has incurred operating losses of \$4,604,061 which, if unutilized, will expire through to 2033. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements, and have been offset by a valuation allowance.