

Creative Edge Nutrition, Inc. and Subsidiaries

Consolidated Financial Statements

Creative Edge Nutrition, Inc. and Subsidiaries

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CREATIVE EDGE NUTRITION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2014	September 30, 2013
ASSETS		
CURRENT ASSETS:		
Cash	\$ 451,532	\$ 52,192
Accounts receivable	147,852	84,852
Inventories	466,952	386,999
Prepays	71,448	31,115
Other	75,000	186,579
	<u>1,212,784</u>	<u>741,737</u>
Total Current Assets		
	<u>1,212,784</u>	<u>741,737</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>8,919,222</u>	<u>590,697</u>
OTHER ASSETS		
Intangibles	2,128,607	1,485,107
Other	4,052	4,052
	<u>2,132,659</u>	<u>1,489,159</u>
TOTAL ASSETS	<u>\$ 12,264,665</u>	<u>\$ 2,821,593</u>
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 466,603	\$ 594,931
Accounts payable and accrued expenses-Related parties	5,913,919	2,213,865
Deposits	25,760	-
Advances payable	-	135,000
Notes payable-Related party	541,350	87,500
Notes payable	884,500	34,108
	<u>7,832,132</u>	<u>3,065,404</u>
Total Current Liabilities		
	<u>7,832,132</u>	<u>3,065,404</u>
STOCKHOLDERS' EQUITY/(DEFICIT):		
Preferred stock, Class A Preferred Stock		
1,000,000 shares authorized, \$.0001 par value, 1,000,000 shares issued and outstanding at June 30, 2014 and September 30, 2013	100	100
Common stock, \$.0001 par value; 3,499,000,000 shares authorized; 3,542,969,548 and 3,405,969,548 shares issued and outstanding at June 30, 2014 and September 30, 2013	354,297	340,597
Additional paid-in capital	12,861,147	5,585,097
Retained (loss)	(8,783,011)	(6,169,605)
	<u>4,432,533</u>	<u>(243,811)</u>
Total Stockholders' Equity/(Deficit)		
	<u>4,432,533</u>	<u>(243,811)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)	<u>\$ 12,264,665</u>	<u>\$ 2,821,593</u>

CREATIVE EDGE NUTRITION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Revenues(including sale of net revenue interest)	\$ 4,922,067	\$ 646,567	\$ 10,394,786	\$ 1,945,936
Costs of revenues	<u>67,835</u>	<u>535,083</u>	<u>341,148</u>	<u>1,588,857</u>
Gross profit	<u>4,854,232</u>	<u>111,484</u>	<u>10,053,638</u>	<u>357,079</u>
Operating expenses				
Depreciation and amortization	69,586	74,608	188,048	222,053
Research and development costs	222,500	-	833,500	-
General and administrative expenses	<u>8,512,746</u>	<u>1,278,726</u>	<u>11,591,871</u>	<u>2,269,547</u>
Total operating expenses	<u>8,804,832</u>	<u>1,353,334</u>	<u>12,613,419</u>	<u>2,491,600</u>
(Loss) from continuing operations before other expense	<u>(3,950,600)</u>	<u>(1,241,850)</u>	<u>(2,559,781)</u>	<u>(2,134,521)</u>
Other (expense)				
Loss on debt conversion	-	-	-	(500,005)
Prior period adjustments	-	-	-	(370,250)
Other	-	-	-	2,331
Interest expense	<u>(27,990)</u>	<u>(7,116)</u>	<u>(53,625)</u>	<u>(15,506)</u>
Total other (expense)	<u>(27,990)</u>	<u>(7,116)</u>	<u>(53,625)</u>	<u>(883,430)</u>
Net (loss) before income taxes	(3,978,590)	(1,248,966)	(2,613,406)	(3,017,951)
Provisions for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss)	<u>\$ (3,978,590)</u>	<u>\$ (1,248,966)</u>	<u>\$ (2,613,406)</u>	<u>\$ (3,017,951)</u>
(Loss) per share-Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding				
Basic and diluted	<u>3,481,969,548</u>	<u>1,541,092,700</u>	<u>3,431,302,881</u>	<u>1,067,417,220</u>

CREATIVE EDGE NUTRITION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
For the Period From October 1, 2013 through June 30, 2014
(Unaudited)

	Preferred Stock		Capital Stock		Paid-in Capital	Accumulated (Deficit)	Stockholders' Equity/(Deficit)
	Shares	Amount	Shares	Amount			
BALANCE, October 1, 2013	1,000,000	\$ 100	3,405,969,548	\$ 340,597	\$ 5,585,097	\$ (6,169,605)	\$ (243,811)
Common stock issued for services	-	-	122,000,000	12,200	6,634,050	-	6,646,250
Common stock issued for acquisition of subsidiary	-	-	15,000,000	1,500	642,000	-	643,500
Net (loss) for the nine months ended June 30, 2014	-	-	-	-	-	(2,613,406)	(2,613,406)
BALANCE, June 30, 2014	1,000,000	\$ 100	3,542,969,548	\$ 354,297	\$ 12,861,147	\$ (8,783,011)	\$ 4,432,533

CREATIVE EDGE NUTRITION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ (2,613,406)	\$ (3,017,951)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	188,048	222,053
Issuance of shares for services	6,646,250	361,337
Loss on debt conversions	-	500,005
Other income	-	(2,331)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(63,000)	180,081
(Increase) in inventories	(79,953)	(198,618)
Decrease/(increase) in prepaids	(40,333)	15,374
Decrease/(increase) in other assets	111,579	(38,657)
(Decrease) in advances	(135,000)	(7,200)
Increase in accounts payable and accrued expenses	3,571,726	1,046,551
Increase in deposits	25,760	-
Net cash (used in) operating activities	<u>7,611,671</u>	<u>(939,356)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(8,516,573)</u>	<u>16,000</u>
Net cash (used) in investing activities	<u>(8,516,573)</u>	<u>16,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock and investors	-	792,568
Increase/(decrease) in notes payable	<u>1,304,242</u>	<u>(95,931)</u>
Net cash provided by financing activities	<u>1,304,242</u>	<u>696,637</u>
Net Increase/(Decrease) in cash	399,340	(226,719)
CASH AT BEGINNING PERIOD	<u>52,192</u>	<u>268,552</u>
CASH AT END OF PERIOD	<u>\$ 451,532</u>	<u>\$ 41,833</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 1,772</u>	<u>\$ 11,436</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
NON-CASH TRANSACTIONS		
Shares issued for consulting services	<u>\$ 6,646,250</u>	<u>\$ 361,337</u>
Loss from shares issued for debt	<u>\$ -</u>	<u>\$ 500,005</u>

CREATIVE EDGE NUTRITION, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2014 and September 30, 2013

NOTE 1 – Basis of Presentation

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of Creative Edge Nutrition, Inc. (“Creative”) and its subsidiaries (collectively, the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Principles of Consolidation

The consolidated financial statements include the accounts of Creative Edge Nutrition, Inc. and its wholly-owned subsidiaries acquired SCD Enterprises, LLC, Cen Biotech, Hemp-Technologies, Ltd. and Science Defined Nutrition. All significant inter-company accounts and transactions have been eliminated in consolidation.

Concentration of Risk

The Company places its cash and temporary cash investments with established financial institutions.

Cash and Cash Equivalents

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

Accounts Receivable

Trade receivables are recognized and carried at the original invoice amount less allowance for any un-collectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over an estimated useful life of five years. Upon sale or retirement of any assets, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in consolidated statements of operations.

Goodwill

Goodwill represents the excess cost of a business acquisition over the fair value of the net assets acquired. In accordance with paragraph 350-20-35-1 of the FASB Accounting Standards Codification for goodwill is not amortized. The Company periodically, at least on an annual basis, reviews goodwill, considering factors such as projected cash flows and revenue and earnings multiples, to determine whether the carrying value of the goodwill is impaired. If the goodwill is deemed to be impaired, the difference between the carrying amount reflected in the financial statements and the estimated fair value is recognized as an expense in the period in which the impairment occurs. There was no impairment of goodwill.

Impairment of long-lived assets

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include goodwill and furniture and fixtures, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the 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 over the newly determined remaining estimated useful lives. The Company determined that there were no impairments of long-lived assets.

Fair Value of Financial Instruments

Effective January 1, 2008, the Company adopted FASB ASC 820, Fair Value Measurements and Disclosures, Pre Codification SFAS No. 157, “Fair Value Measurements”, which provides a framework for measuring fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also expands disclosures about instruments measured at fair value and establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices for identical assets and liabilities in active markets;
Level 2 — Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company designates cash equivalents (consisting of money market funds) and investments in securities of publicly traded companies as Level 1. The total amount of the Company’s investment classified as Level 3 is de minimis.

The fair value of the Company’s debt as of June 30, 2014 and September 30, 2013 approximated fair value at those times.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash and cash equivalents, short-term investments, accounts payable, accrued expenses and notes payables approximated fair value as of June 30, 2014 and September 30, 2013 because of the relative short term nature of these instruments. At June 30, 2014 and September 30, 2013, the fair value of the Company’s debt approximates carrying value.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation - Stock Based Compensation* and ASC 505, *Equity Based Payments to Non-Employees*, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Revenue Recognition

The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned less estimated future doubtful accounts. 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 services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Intangible Assets

Research and Development Expenditure

Research expenditure is recognized as an expense when it is incurred. Development expenditure is recognized as an expense except that expenditure incurred on development projects are capitalized as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalized if, and only if an entity can demonstrate all of the following:-

1. its ability to measure reliably the expenditure attributable to the asset under development;
2. the product or process is technically and commercially feasible;
3. its future economic benefits are probable;
4. its ability to use or sell the developed asset;
5. the availability of adequate technical, financial and other resources to complete the asset under development; and
6. its intention to complete the intangible asset and use or sell.

Capitalized development expenditure is measured at cost less accumulated amortization and impairment losses, if any. Development expenditure initially recognized as an expense is not recognized as assets in the subsequent period. The development expenditure is amortized on a straight-line method over a period of not exceeding 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Research and development costs represent the costs of developing and perfecting Creative's nutritional products as well as packaging and marketing planning for those products. These costs are charged to expense as incurred.

Advertising

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Management makes these estimates using the best information available at the time the estimates are made; however actual results could differ materially from those estimates.

Income Taxes

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Segments

The Company operates in only one business segment, namely the development, marketing and sales of nutraceuticals and health supplements.

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. There were no potentially dilutive shares outstanding as of June 30, 2014 and September 30, 2012.

Recent Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

Reclassifications

Certain amounts have been reclassified and represented to conform to the current financial statement presentation.

NOTE 2 – Financial Condition and Going Concern

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained operating losses in prior years and may not achieve the level of profitable operations to sustain its activities. These factors raise substantial doubt as to its ability to obtain debt and/or equity financing and achieve profitable operations.

Management intends to raise additional operating funds through equity and/or debt offerings. However, there can be no assurance management will be successful in its endeavors. Ultimately, the Company will need to achieve profitable operations in order to continue as a going concern.

There are no assurances that Creative will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support its working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, the Company will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to Creative. If adequate working capital is not available to Creative it may be required to curtail its operations.

NOTE 3– Acquisitions

On April 3, 2012, Creative acquired all membership interests in SCD Enterprises, LLC ("SCD") for 70,000,000 shares of its common stock.

The purchase price for the acquisition of SCD was \$420,000 consisting of the 70,000,000 common shares issued and valued at \$0.006 per share which was the previous sales price of the Company's common stock in the market place.

The allocation of the purchase price and the estimated fair market values of the assets acquired and liabilities assumed are shown below.

Cash	\$	12,419
Accounts receivable		48,992
Prepaid expenses and other current assets		200
Property and equipment, net of accum. Depreciation		1,032,068
Intangibles		72,607
Goodwill		1,412,500
Deposits		4,198
Total assets acquired		<u>2,873,948</u>
Accounts payable and accrued expenses		<u>279,679</u>
Total liabilities assumed		<u>279,679</u>
Net assets acquired		<u>2,594,269</u>
Purchase price		<u>(420,000)</u>
Bargain purchase gain	\$	<u><u>2,174,269</u></u>

The consolidated financial statements herein are presented under predecessor entity reporting and because the acquiring entity had no operations, prior historical information of the acquirer is not presented.

On April 3, 2012, the Company additionally acquired the assets of Science Defined Nutrition (“SDN”) for 7,000,000 shares of common stock. SDN had limited operations prior to this point in time and the transaction was recorded as an acquisition amount of \$6,978, which was the net asset value of the Company.

SCD is a wholly-owned subsidiary of Creative. The consolidated financial statements consist of Creative Edge Nutrition, Inc. and its wholly-owned subsidiaries, SCD, SDN and Cen Biotech, collectively referred to herein as the “Company” or “Creative.” All significant intercompany transactions and balances have been eliminated in consolidation.

Creative plans on becoming an innovative bio-science company engaged in the development and sales of nutraceuticals and health supplements.

NOTE 4 – Inventories

Inventories consist of components and finished goods and are stated at the lower of cost or market. Cost is determined using the first-in first-out method.

	June 30, 2014	September 30, 2013
Finish goods	<u>\$ 466,952</u>	<u>\$ 386,999</u>

NOTE 5 – Property and Equipment

At June 30, 2014 and September 30, 2013, property and equipment consisted of the following:

	June 30, 2014	September 30, 2013
Leasehold Improvements	\$ 2,665	\$ 2,665
Software and other Costs	177,030	177,030
Websites and Domain Names	750,918	750,918
Covenant Not to Compete	252,500	252,500
Customer List	1,400,000	1,400,000
Equipment	56,861	56,861
Trade booth	20,120	20,120
Furniture and fixtures	43,638	43,638
Land and buildings	1,064,651	-
Construction costs in progress	<u>7,418,849</u>	<u>-</u>
	11,187,232	2,703,732
Less: accumulated depreciation	<u>(2,268,010)</u>	<u>(2,113,035)</u>
	<u>\$8,919,222</u>	<u>\$ 590,697</u>

Depreciation expense was \$154,975 for the nine months ended June 30, 2014.

The Company has started the construction and build-out of a facility in Canada and the construction costs in progress represent all costs incurred to June 30, 2014 for the facility and other related costs.

Additionally, the Company bought land with existing buildings on an adjacent property during the quarter ended June 30, 2014 for \$1,064,651.

NOTE 6 – Intangibles

At June 30, 2014 and September 30, 2013, intangibles consisted of the following:

Goodwill	\$ 2,056,000
Loan costs	<u>72,607</u>
	<u>\$ 2,128,607</u>

Amortization expense was \$0 for the nine months ended June 30, 2014.

The Company on the close of Hemp-Technologies Ltd. purchased \$643,500 of goodwill, as part of the purchase price.

NOTE 7 – Other Assets

The Company has a prepaid asset for a deposit on a facility in Canada for \$75,000, rent deposits and other loans to individuals.

NOTE 8 – Income Taxes

Effective January 1, 2007, we adopted the provisions of ASC 740-10 (formerly known as FIN No. 48, Accounting for Uncertainty in Income Taxes). ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC 740-10 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. The application of income tax law is inherently complex. Laws and regulation in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding the income tax exposures. Interpretations and guidance surrounding income tax laws and regulations change over time. As such, changes in the subjective assumptions and judgments can materially affect amounts recognized in the balance sheets and statements of income.

At the adoption date of January 1, 2007, we had no unrecognized tax benefit, which would affect the effective tax rate if recognized. There has been no significant change in the unrecognized tax benefit during the nine months ended June 30, 2014.

We classify interest and penalties arising from the underpayment of income taxes in the statement of income under general and administrative expenses. As of June 30, 2014, we had no accrued interest or penalties related to uncertain tax positions. The tax years 2012, 2011 and 2010 federal return remains open to examination.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The components of deferred income tax assets (liabilities) at June 30, 2014, were as follows:

	Balance	Rate	Tax
Federal loss carry forward (expires through 2032)	\$8,783,011	34%	\$ 2,986,224
Valuation allowance			(2,986,224)
Deferred tax asset			<u>\$ -</u>

NOTE 9 – Notes Payable/Advances Payable

Note Payable

A Convertible Promissory Note (the “Note”) in the amount of \$28,800 had been entered into between Gary B. Wolff, Creative’s outside counsel, and Creative to settle unpaid legal fees due to Mr. Wolff with respect to Creative's Registration Statement. The note accrued interest at 2% per annum and matured on December 1, 2008. It was due on demand. The Note is convertible at the option of the holder at a conversion price of \$0.001 per share.

On June 15, 2010, the holder of the note converted the principal balance of \$8,800 for 8,800,000 shares of common stock.

On April 23, 2011, the holder of the note converted the principal balance of \$10,000 for 10,000,000 shares of common stock.

At September 30, 2011, the total amount due under the note was \$10,000.

In the period presented, an error was found whereby \$43,384 that was due for services plus the related accrued interest had never been entered into the books and records of the Company. This amount was accrued, plus the related interest in the amount of \$45,995 and recorded in the current period as attorney fees.

This amount, plus the balance on the books with accrued interest was converted into 53,000,000 shares of the Company's common stock for a total conversion price of \$57,833 at December 31, 2012.

Advance Payable

A financial group loaned \$10,000 to the Company on August 10, 2010. The group had the right to convert the advance into shares of the Company's common stock.

In the quarter ended March 31, 2012, the financial group loaned an additional \$6,200. The group has the right to convert the advance into shares of the Company's common stock. In the quarter ended March 31, 2013, the financial group converted these advances into 6,240,980 shares of the Company's common stock.

In the quarter ended March 31, 2013, the financial group loaned an additional \$18,200.

In the quarter ended June 30, 2013, the Company paid \$9,200 on this loan, plus \$400 of accrued interest.

In the quarter ended September 30, 2013, the financial group loaned an additional \$126,000.

In the quarter ended March 31, 2014, the financial group loaned an additional \$631,000.

The advances are accruing at an interest rate of 8% and are payable upon demand, or can be converted into shares of the Company's common stock.

Line of Credit

The Company had drawn on its line of credit \$237,878 of an available \$250,000. The line of credit is secured by its inventory and certain assets of the Company and personal guarantees of prior management. The interest rate is two currently 3.25 percent, not to exceed 5.5 percent. The note was due October 25, 2012 and was renewed for an additional year. This note was called in March 2013 and \$200,931 has been paid per the terms of the pay down as of December 31, 2013. The balance of the credit line was paid in late 2013.

Credit Facility

A credit facility has been obtained in the amount of \$2,000,000. The funding can be used to fund costs of various products the company sells. The interest rate is at a floating rate equal to the Index Rate plus 3.0% per annum with the rate being no less than 5.5%. The Company drew \$75,000 of this credit facility in the quarter ended March 31, 2013 and it was accruing an interest rate of 6.5% on the loan. This facility was used for the purchase of certain products it sells to the public.

The Company paid off the line of credit in July 2013.

Note Payable-Related party

Two consultants have loaned the Company \$541,350 on unsecured demand notes payable. The notes have a conversion right of a maximum of 60% to the closing bid price with certain limits based on the reporting status of the Company. The loans carry an 8% interest rate. At June 30, 2014, the Company has accrued \$20,822 in interest.

NOTE 10 - Concentrations

Through June 30, 2014, the Company had in its business activities the sale of nutraceutical products. However, there was no risk from concentration of business activities. The Company is currently seeking additional financing to expand its nutraceutical business.

NOTE 11 – Capital Changes

Common Stock

The Company was authorized to issue 500,000,000 shares of common stock and 1,000,000 shares of preferred stock. The Company increased its authorize shares of common stock to 600,000,000.

The Company issued 8,400,000 shares of its common stock for the net assets of Science Defined Nutrition that was valued at \$6,978 at April 3, 2012.

The Company sold 32,150,136 shares of its restricted common stock for \$96,840. The average price on these sales was \$.0036.

The Company, as mentioned above, issued 63,600,000 shares of its common stock for \$57,833 of notes payable.

The Company issued 52,800,000 shares of its common stock for services valued at \$212,000.

The Company issued 76,800,000 shares of common stock for \$64,000 of debt in August 2012.

The Company issued in October and November 2012 32,400,000 shares of its common stock for a value of \$121,825.

The Company issued in October 2012 68,400,000 shares of its common stock offsetting \$57,000 of debt and recorded a loss of \$220,875 on the debt conversion

The Company in the quarter ended March 31, 2013 issued 254,400,000 shares of its common stock offsetting \$212,000 of debt and recorded a loss of \$279,131 on the debt conversion.

The Company in the quarter ended March 31, 2013 issued 7,489,176 shares of its common stock offsetting \$16,200 of debt.

The Company issued 4,000,000 shares of its common stock for services valued at \$9,267.

The Company in the quarter ended June 30, 2013 issued 30,100,000 shares of its common stock offsetting \$130,000 of debt.

The Company in the quarter ended June 30, 2013 issued 221,444,444 shares of its common stock to pay off notes payable and related interest in the amount of \$292,600.

The Company issued 143,200,000 shares of its common stock in the quarter ended June 30, 2013 for services in the amount of \$146,000.

The Company issued 84,243,695 shares of its common stock in the quarter ended June 30, 2013 for a service contract on a line of credit it has valued at \$84,244.

The Company issued 75,000,000 shares as a deposit for the acquisition of the Canadian Nutrition Superstores.

The Company in the quarter ended September 30, 2013 issued 579,022,017 shares of its common stock offsetting \$906,823 of debt and other services.

The Company issued 1,067,265,918 shares of its common stock in the quarter ended September 30, 2013 for services in the amount of \$1,071,266.

The Company issued 122,000,000 shares of its common stock in the quarter ended June 30, 2014 for services in the amount of \$6,646,250.

The Company issued 15,000,000 shares of its common stock in the quarter ended June 30, 2014 for the acquisition of Hemp-Technologies Ltd. in the amount of \$643,500.

Preferred Stock

The Company issued 1,000,000 shares of its Series A Preferred Stock for services valued at \$5,000.

The preferred shares are held by the CEO of the Company and have 5,000:1 voting rights for common shares and do not need to be converted to hold such rights.

NOTE 12 – Name Change and Capital Changes

The Company changed its name from Laufer Bridge Enterprises, Inc. to Creative Edge Nutrition, Inc. on April 14, 2012.

The Company on October 23, 2012 increased its authorized common stock to 700,000,000 shares.

The Company on February 28, 2013 increased its authorized common stock to 1,100,000,000 shares.

The Company in April 2013 increased its authorized common stock to 3,500,000,000 shares and forward split its stock whereby the shareholder received 1.2 shares of common stock for every share held. The prior share holdings have been retroactively restated to reflect this stock split.

Additionally, the Company changed its par value on the common and preferred stock to \$.0001 from \$.001. The prior financials have been restated to reflect this change.

NOTE 13 – Sale of Net Revenue Interest

The Company contracted for the sale of up to 25% interest in its net revenue from the facility it is currently building in Canada for a total of \$20,000,000. In the nine month period ended June 30, 2014, the Company had sold 10.1% of the 25% interest for \$8,079,740 and recognized this sale in the revenues of the Company in the nine month period ended June 30, 2014.

The Company has sold a 24.5% interest in a second facility it is building for \$1,064,651 in the quarter ended June 30, 2014. This sale was recognized in the revenues of the Company for the nine months ended June 30, 2014.

NOTE 13 – Subsequent Events

The Company has evaluated all events that occurred after the balance sheet date of June 30, 2014 through August 18, 2014, the date the consolidated financial statements were issued. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

The Company has entered into a contract that states that the owner hereby grants to the Company the exclusive and irrevocable worldwide rights and licenses to use the Brand of Sci-Fit for any purpose including the purpose to make have made, use, sell, import and sublicense any Products during the term of this Agreement throughout the world in all channels of distribution. Such license shall include any and all collateral rights to trade secrets, confidential, copyrights, trademarks, trademark applications throughout the world relating to the Brand or the Products and any improvements or enhancements made thereto. Notwithstanding anything to the contrary in this Agreement, the owner retains all ownership of trademarks and other intellectual property licensed. The Company terminated its negotiations on this contract.

The Company has acquired Canadian Nutrition Superstores for 75,000,000 shares of its common stock. The purchase of Canadian Nutrition Superstores is another well designed strategic move for Creative Edge Nutrition, Inc. due to the fact that this will continue Creative Edge's vertical integrated concept. Canadian Nutrition Superstores is a 3 store chain operated in the Metro Toronto, Ontario Canada market. The company is a discount retailer of all leading brand nutritional supplements. The company is producing sales and has been in this market segment for several years. These locations have the ability to pick/pack/ship nutraceuticals and other consumer goods. In the interim, the value of \$75,000 for the shares issued has been shown as a deposit in the financials presented. The Company will either consummate the transaction by September 30, 2014, or terminate it depending on the ability of the acquiree to supply certain financial information requested.