

**ML CAPITAL GROUP INC.**

**(A Nevada Corporation)**

**ANNUAL REPORT**

*For the Period Ending December 31<sup>st</sup>, 2015*

**OTC Pink Basic Disclosure Guidelines**

**1) Name of the Issuer and its predecessors (if any)**

ML Capital Group Inc., was incorporated under the laws of the state of Nevada on September 22, 2009.

**2) Address of the issuer's principal executive offices**

Company Headquarters

1801 Coral Way STE 312

Miami, Florida 33145

Phone: 786-313-3206

Email: [info@mlcginc.com](mailto:info@mlcginc.com)

Website: [www.mlcginc.com](http://www.mlcginc.com)

**3) Security Information**

Trading Symbol: MLCG

Exact title and class of securities outstanding:

CUSIP: 55314D106

Par or stated value: \$0.00001

Common Shares Authorized: 5,010,000,000

Common Shares Outstanding: 1,336,710,645 as of August 2, 2016

Preferred Shares Authorized: 10,000,000

Par or stated value: \$0.0001

Preferred Shares Outstanding: 2,000,000

Transfer Agent

VStock Transfer LLC

18 Lafayette Place

Woodmere, New York 11598

Phone: 212-828-8436

Is the transfer Agent Registered under the Exchange Act? YES

List any restrictions on the transfer of security: None

Describe any trading suspension orders issued by the SEC in the past 12 months: None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization either currently anticipated or that occurred within the past 12 months: In April 2015, the company's Board of Directors approved a 1 for 4000 reverse stock split.

#### **4) Issuance History**

On January 3, 2014 the Company issued 1,000,000 shares of common stock to one individual for \$5,000 in cash.

On January 9, 2014 the Company issued 1,000,000 shares of common stock for \$5,000 in cash.

On January 14, 2014 the Company issued 300,000 shares of common stock to one individual with a fair value based on recent stock sales, of \$11,370 for services rendered.

On January 28, 2014 the Company issued 393,446 shares of common stock for the conversion of \$2,558 of convertible debt and accrued interest.

On February 4, 2014 the Company issued 394,057 shares of common stock for the conversion of \$2,561 of convertible debt and accrued interest.

On February 6, 2014 the Company issued 200,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$8,000 was recorded as deferred stock compensation to be amortized to expense over the six month period, resulting in expenses of \$8,000 for the year ended December 31, 2014.

On February 7, 2014 the Company issued 1,000,000 shares of common stock to one individual for \$5,000 in cash.

On March 3, 2014 the Company issued 2,500,000 shares of common stock for the conversion of \$2,500 of convertible debt.

On March 7, 2014 the Company issued 1,000,000 shares of common stock to one individual for \$5,000 in cash.

On March 7, 2014 the Company issued 250,000 shares of common stock to one entity for services to be rendered over six months, the fair value of \$15,500 based on recent sales, was recorded as deferred stock compensation to be amortized into expense over six months, resulting in expenses of \$15,500 for the year ended December 31, 2014.

On March 27, 2014 the Company issued 250,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$27,500, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$27,500 for the year ended December 31, 2014.

On April 4, 2014 the Company issued 238,000 shares of common stock valued at \$30,702, based on recent stock sales, to an entity for services to be rendered over six months. The fair value was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$30,702 for the year ended December 31, 2014.

On April 17, 2014 the Company issued 2,000 shares of common stock valued at \$258 based on recent stock sales to one entity for legal services.

On April 17, 2014 the Company issued 800,000 shares of common stock valued at \$57,120, based on recent stock sales to two directors of the Company.

On April 17, 2014 the Company issued 500,000 shares of common stock valued at \$35,700, based on recent stock sales, to one individual appointed to the advisory board. The fair value was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$35,700 for the year ended December 31, 2014.

On May 5, 2014 the Company issued 1,120,519 shares of commons stock valued at \$23,027 for the conversion of \$22,000 of convertible debt and \$1,027 of accrued interest.

On May 16, 2014 the Company issued 250,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$14,650, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$14,650 for the year ended December 31, 2014.

On May 21, 2014 the Company issued 250,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$11,225, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$11,225 for the year ended December 31, 2014.

On June 4, 2014 the Company issued 200,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$5,780, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$5,780 for the year ended December 31, 2014.

On June 5, 2014 the Company issued 300,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$8,100, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$8,100 for the year ended December 31, 2014.

On June 10, 2014 the Company issued 350,000 shares of common stock to one entity for services to be rendered over three months. The fair value of \$5,600, based on recent sales, was recorded as deferred stock based compensation to be amortized over three months, resulting in expenses of \$5,600 for the year ended December 31, 2014.

On June 27, 2014 the Company issued 500,000 shares of common stock to an individual for services to be rendered over six months. The fair value of \$15,000, based on recent sales, was recorded as deferred stock based compensation to be amortized over three months, resulting in expenses of \$15,000 for the year ended December 31, 2014.

On August 1, 2014 the Company issued 250,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$6,000, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$5,000 for the year ended December 31, 2014.

On August 19, 2014 the Company canceled 125,000 shares as a result of the settlement of a pending legal matter.

On September 4, 2014 the Company issued 717,619 shares of common stock for the conversion of \$5,000 of convertible debt and \$233 of accrued interest.

On September 19, 2014 the Company issued 350,000 shares of common stock to one entity for services to be rendered over three months. The fair value of \$3,150, based on recent sales, was recorded as deferred stock based compensation to be amortized over three months, resulting in expenses of \$3,150 for the year ended December 31, 2014.

On October 2, 2014, the Company issued 2,552,890 shares of common stock for the conversion of \$5,233 of convertible debt and accrued interest.

On October 6, 2014 the Company issued 3,333,333 shares of common stock for the conversion of \$10,000 of convertible debt.

On October 14, 2014 the Company issued 3,968,253 shares of common stock for the conversion of \$5,000 of convertible debt.

On October 15, 2014 the Company issued 4,166,666 shares of common stock for the conversion of \$3,500 of convertible debt.

On October 17, 2014 the Company issued 8,689,475 shares of common stock for the conversion of \$7,300 of convertible debt.

On October 21, 2014 the Company issued 5,030,290 shares of common stock for the conversion of \$3,950 of convertible debt and \$200 of accrued interest.

On October 28, 2014 the Company issued 3,846,153 shares of common stock for the conversion of \$3,000 of convertible debt.

On October 29, 2014 the Company issued 5,298,206 shares of common stock for the conversion of \$3,650 of convertible debt and \$191 of accrued interest.

On October 30, 2014 the Company issued 16,017,089 shares of common stock for the conversion of \$11,990 of convertible debt and \$200 of accrued interest.

On October 31, 2014 the Company issued 12,524,360 shares of common stock for the conversion of \$11,990 of convertible debt and \$200 of accrued interest.

On November 4, 2014 the Company issued 6,104,179 shares of common stock for the conversion of \$4,200 of convertible debt and \$226 of accrued interest.

On November 5, 2014 the Company issued 7,413,765 shares of common stock for the conversion of \$5,100 of convertible debt and \$275 of accrued interest.

On November 6, 2014 the Company issued 5,525,641 shares of common stock for the conversion of \$4,310 of convertible debt.

On November 10, 2014 the Company issued 5,525,641 shares of common stock for the conversion of \$4,310 of convertible debt.

On November 12, 2014 the Company issued 8,347,343 shares of common stock for the conversion of \$5,535 of convertible debt and \$308 of accrued interest.

On November 13, 2014 the Company issued 5,000,000 shares of common stock for the conversion of \$3,900 of convertible debt.

On November 17, 2014 the Company issued 2,000,000 shares of common stock to a member of the board of directors for services to be rendered over twelve months. The fair value of \$3,200, based on recent sales, was recorded as deferred stock based compensation to be amortized over twelve months, resulting in expenses of \$400 for the year ended December 31, 2014.

On November 17, 2014 the Company issued 10,000,000 shares of common stock to a member of the board of directors for services to be rendered over twelve months. The fair value of \$16,000, based on recent sales, was recorded as deferred stock based compensation to be amortized over twelve months, resulting in expenses of \$2,000 for the year ended December 31, 2014.

On November 17, 2014 the Company issued 3,000,000 shares of common stock to be rendered over twelve months. The fair value of \$4,800, based on recent sales, was recorded as deferred stock based compensation to be amortized over twelve months, resulting in expenses of \$600 for the year ended December 31, 2014.

On November 18, 2014 the Company issued 5,128,205 shares of common stock for the conversion of \$4,000 of convertible debt.

On November 21, 2014 the Company issued 6,363,636 shares of common stock for the conversion of \$4,200 of convertible debt.

On December 1, 2014 the Company issued 5,000,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On December 3, 2014 the Company issued 5,000,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On December 8, 2014 the Company issued 5,000,000 shares of common stock for the conversion of \$1,800 of convertible debt.

On December 15, 2014 the Company issued 10,000,000 shares of common stock for the conversion of \$2,400 of convertible debt.

On December 15, 2014 the Company issued 500,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$250, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$21 for the year ended December 31, 2014.

On December 15, 2014 the Company issued 75,000,000 shares of common stock to one entity for services to be rendered over six months. The fair value of \$37,500, based on recent sales, was recorded as deferred stock based compensation to be amortized over six months, resulting in expenses of \$3,125 for the year ended December 31, 2014.

On December 17, 2014 the Company issued 10,000,000 shares of common stock for the conversion of \$2,400 of convertible debt.

The Company has issued warrants to purchase 11,083,333 shares of common stock of which 5,541,667 are exercisable as of December 31, 2014. The warrants have an exercise price of \$0.06 per share and expire on April 1, 2017

During the year ended December 31, 2014, the Company issued 23,841 shares of common stock for services rendered.

During the year ended December 31, 2014, the Company issued 1,000 for cash.

During the year ended December 31, 2014, the Company issued 38,609 shares of common stock for the conversion of convertible debt.

On January 8, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 9, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,582 shares of common stock for the conversion of \$2,200 of convertible debt.

On January 14, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 16, 2015 the Company issued 13,159 shares of common stock for the conversion of \$7,895 of convertible debt.

On January 16, 2015 the Company issued 5,616 shares of common stock for the conversion of \$3,300 of convertible debt and \$70 of accrued interest.

On January 20, 2015 the Company issued 9,625 shares of common stock for the conversion of \$4,620 of convertible debt.

On January 21, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 22, 2015 the Company issued 10,250 shares of common stock for the conversion of \$4,920 of convertible debt.

On January 23, 2015 the Company issued 5,375 shares of common stock for the conversion of \$2,580 of convertible debt.

On January 26, 2015 the Company issued 4,284 shares of common stock for the conversion of \$2,000 of convertible debt and \$142 of accrued interest.

On January 26, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 27, 2015 the Company issued 19,500 shares of common stock for the conversion of \$6,240 of convertible debt.

On January 30, 2015 the Company issued 8,580 shares of common stock for the conversion of \$1,600 of convertible debt and \$116 of accrued interest.

On February 3, 2015 the Company issued 8,750 shares of common stock for the conversion of \$2,800 of convertible debt.

On February 4, 2015 the Company issued 9,162 shares of common stock for the conversion of \$1,700 of convertible debt and \$132 of accrued interest.

On February 5, 2015 the Company issued 9,000 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 9, 2015 the Company issued 9,500 shares of common stock for the conversion of \$3,040 of convertible debt.

On February 10, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 11, 2015 the Company issued 10,000 shares of common stock for the conversion of \$1,600 of convertible debt.

On February 12, 2015 the Company issued 11,250 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 20, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 23, 2015 the Company issued 12,500 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 24, 2015 the Company issued 12,608 shares of common stock for the conversion of \$2,400 of convertible debt and \$122 of accrued interest.

On February 26, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 14,750 shares of common stock for the conversion of \$2,360 of convertible debt.

## 5) Financial Statements

### ML Capital Group, Inc. CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,810	\$ 13,032
Inventory	16,412	12,514
Prepaid expenses	-	12,324
Deferred debt issuance cost	5,715	4,308
Total current assets	24,937	42,178
Property and Equipment, net	1,188	4,387
Total assets	\$ 26,125	\$ 46,565
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 53,971	\$ 14,859
Convertible notes payable, net of discount \$- and \$165,361, respectively	419,719	264,125
Derivative liabilities	4,500,560	689,936
Promissory note	5,000	-
Total current liabilities	4,990,550	968,920
Total liabilities	4,979,250	968,920
Stockholders' Deficit		
Common stock, \$.0001 par value; 7,000,000,000 shares authorized; 2,693,716,885(2015) and 81,563 (2014) shares issued and outstanding, respectively	269,372	8
Preferred Stock, \$.00001 par value; 10,000,000 shares authorized; 1,000,000 (2015) and 0 (2014) shares issued and outstanding, respectively	10	-
Additional paid-in capital	11,700,195	3,653,692
Deferred stock compensation	-	(25,775)
Accumulated deficit	(16,922,702)	(4,550,280)
Total stockholders' deficit	(4,953,125)	(922,355)
Total liabilities and stockholders' deficit	\$ 26,125	\$ 46,565

**ML Capital Group, Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Year ended December 31,	
	2015	2014
Revenues		
Product sales	\$ 114,278	\$ 26,870
Costs of goods sold	(32,759)	(7,134)
Gross Profit	81,519	19,736
Expenses:		
Compensation	8,180,440	185,792
Professional fees	38,078	944,692
General and administrative expenses	135,218	283,782
Total operating expenses	8,353,736	1,414,266
Operating loss	(8,272,217)	(1,394,530)
Other income (expense):		
Other income	-	-
Amortization of debt discounts	(302,871)	(281,540)
Derivative liability expense	(3,757,544)	(448,342)
Interest expense	(39,790)	(37,220)
Gain on accounts payable forgiveness	-	524
Other expense	-	-
Total other expense	(4,100,205)	(766,578)
Net loss	\$ (12,372,422)	\$ (2,161,108)
Net loss per share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	1,155,867,343	27,310
Basic and diluted		

**ML Capital Group Inc.**  
**CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIENCY**  
**(Unaudited)**

	<b>Common Stock</b>		<b>Preferred Stock</b>		<b>Additional Paid in Capital</b>	<b>Deferred Stock Compensation</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Deficiency</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>				
Balances, December 31, 2013	18,113	\$ 2	-	\$ -	\$ 2,979,933	\$ (673,593)	\$ (2,389,172)	\$ (82,830)
Common stock issued for services	23,841	2	-	-	280,616	(25,775)	-	254,843
Sale of common stock	1,000	-	-	-	20,000	-	-	20,000
Common stock issued upon conversion of convertible debt	38,609	4	-	-	147,524	-	-	147,528
Reclassification of derivative liability upon conversion of convertible debt	-	-	-	-	225,619	-	-	225,619
Amortization of deferred stock compensation	-	-	-	-	-	673,593	-	673,593
Net loss	-	-	-	-	-	-	(2,161,108)	(2,161,108)
Balances, December 31, 2014	81,563	\$ 8	-	\$ -	\$ 3,653,692	\$ (25,775)	\$ (4,550,280)	\$ (922,355)
Common stock issued for services	1,596,950,000	159,695	-	-	7,858,520	-	-	8,018,215
Common stock issued upon conversion of convertible debt	1,059,351,950	105,935	-	-	(13,404)	-	-	92,531
Shares issued due to reverse stock split	37,333,372	3,733	-	-	(3,733)	-	-	-
Amortization of deferred stock compensation	-	-	-	-	-	25,775	-	25,775
Discount on convertible debt	-	-	-	-	193,821	-	-	193,821
Capital contribution	-	-	-	-	11,300	-	-	11,300
Sale of preferred stock	-	-	1,000,000	10	-	-	-	10
Net loss	-	-	-	-	-	-	(12,372,422)	(12,372,422)
Balances, December 31, 2015	<u>2,693,716,885</u>	<u>\$ 269,372</u>	<u>1,000,000</u>	<u>\$ 10</u>	<u>\$ 11,700,195</u>	<u>\$ -</u>	<u>\$ (16,922,702)</u>	<u>\$ (4,953,125)</u>

**ML Capital Group Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Year Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Net loss	\$(12,372,422)	\$(2,161,108))
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	8,059,903	928,435
Amortization of discount on convertible notes	302,873	281,540
Amortization of deferred financing fees	28,341	4,275
(Gain) Loss from derivative liability	3,757,544	448,342
Depreciation	3,199	-
Changes in operating assets and liabilities:		
Inventory	(3,898)	(12,514)
Accounts payable and accrued expense	39,114	11,812
Prepaid expenses	12,324	(12,324)
Deferred revenue	-	(2,250)
Net cash used in operating activities	(173,022)	(513,792)
Cash flows from investing activities:		
Purchase of furniture and fixtures	-	(4,387)
Cash flows from financing activities:		
Bank overdraft	-	(93)
Common stock sold for cash	-	20,000
Proceeds from convertible note	146,500	525,000
Payment of debt issuance costs	-	(7,139)
Repayment of advances from related parties	-	(6,556)
Proceeds from promissory note	5,000	-
Capital contribution	11,300	-
Net cash provided by financing activities	162,800	531,212
Net increase (decrease) in cash and cash equivalents	(10,222)	13,032
Cash and cash equivalents, beginning	13,032	-
Cash and cash equivalents, ending	\$ 2,810	\$ 13,032
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Cancellation of common stock	\$ -	\$ -
Reclassification of derivative liabilities	\$ 73,203	\$ 225,619

Convertible debt and accrued interest converted to common stock

\$ 169,345 \$ 147,528

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**ML Capital Group, Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

ML Capital Group, Inc. (the “Company”) was incorporated in the State of Nevada on September 22, 2009.

The Company’s business consists of providing consulting services to both public and private companies, concentrating primarily on early stage companies, small businesses and emerging growth companies. The Company has embarked upon an expansion into developing products and services that are focused on the electronic cigarettes (e-cigs) industry.

In April 2015, the Company’s board of directors approved a 1 for 4,000 reverse stock split. The number of shares of common stock has been adjusted to reflect the split for all periods presented.

**Significant Accounting Policies**

**Basis of presentation and consolidation**

The consolidated financial statements include the accounts of the company and wholly owned subsidiary. All intercompany balances and transactions are eliminated in consolidation.

The Company has adopted Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allows the Company to remove the inception to date information and all references to development stage.

**Going concern**

As reflected in the accompanying financial statements, the Company had a net loss of \$12,372,422 and net cash used in operations of \$173,022 for the year ended December 31, 2015. The Company has total assets of \$26,125 and a working capital deficit of \$4,964,425 as of December 31, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to further implement its business plan, raise additional capital, and generate continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Revenue recognition**

Pursuant to the guidance of ASC Topic 605 and ASC Topic 360, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the purchase price is fixed or determinable and collectability is reasonably assured. The company recognizes revenue from product sales during the period in which the product is delivered, which is generally at the at the point of sale.

### Inventories

Inventories are stated at the lower of cost of market using the first-in; first-out (FIFO) cost method of accounting.

### Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. Significant estimates in the 2015 and 2014 periods include the valuation of stock-based compensation and derivative liabilities.

### Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

### Fixed assets

Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction/ acquisition.

### Fair value financial instruments

The carrying amounts reported in the balance sheets for accounts payable, accrued expenses and amounts due to related party approximate their fair value based on the short-term maturity of these instruments. The fair value of the Company's derivative liabilities was determined based on the estimated intrinsic value of the embedded conversion feature which approximates fair value due to the terms of conversion and a modified Black Scholes method incorporating Monte Carlo simulation.

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820").

ASC Topic 820 provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC Topic 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into six broad levels. The following is a brief description of those six levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The Company adjusts the derivative liability resulting from the embedded conversion option on its convertible debt to fair value at each balance sheet date. The fair value of the derivative liability is estimated using level 3 inputs. The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

	<b>Balance at December 31,2015</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Fair value of derivative liability for embedded conversion options	\$ 4,500,560	\$ —	\$ —	\$ 4,500,560

### Stock-based compensation

The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The Company accounts for non-employee share-based awards in accordance with ASC Topic 505-50.

### Net loss per share of common stock

Basic net loss per common share is computed by dividing net loss available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period.

### Recent accounting pronouncements

Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

## **NOTE 2 – RELATED PARTY TRANSACTIONS**

The Company's president from time to time, provides advances to the Company for working capital purposes. These advances were due on demand, non-interest bearing and included in due to related party on the accompanying balance sheets. At December 31, 2015, there are no significant related party advances outstanding.

During the year ended December 31, 2015 the president of the Company received compensation of \$36,190 in cash compensation compared to \$150,000 during the same period in 2015.

On April 17, 2014 the Company issued 100 shares of common stock to one of the directors with a value of \$28,560.

On November 17, 2014 the Company issued 500 shares of common stock to one of the directors with a value of \$3,200.

On November 17, 2014 the Company issued 750 shares of common stock to one of the directors with a value of \$4,800.

On February 27, 2015 the Company issued 1,000,000 shares of common stock to its then president.

During the year ended December 31, 2015 the Company issued 770,000,000 shares of common stock to its then CEO.

During the year ended December 31, 2015 the Company issued 177,000,000 shares of common stock to the spouse of its then CEO.

### **NOTE 3 – CONVERTIBLE NOTES PAYABLE**

On June 7, 2012, the Company entered into a convertible promissory note agreement with Morgan Wells Inc. Pursuant to the convertible promissory note agreement, the Company issued a note in the principal amount of \$5,000. The note bears interest at the rate of 8% per annum and matured on December 7, 2012. The note is convertible into common stock at 75% of the lowest closing market price for the Company's stock during the previous 20 trading days. As of December 31, 2015 the note had a principal balance of \$2,500.

On February 28, 2014 the Company issued a convertible promissory note in the principal amount of \$30,000. The note bears interest at the rate of 8% per annum and matured February 28, 2015. The note is convertible into shares of the Company's common stock at 50% of the average of the lowest 2 trading prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$32,400 debt discount of \$30,000 and derivative expense of \$2,400. The debt discount of \$30,000 was amortized into interest expense over the term of the note. The carrying value of the note as of December 31, 2014, was \$5,840, net of unamortized discount of \$1,126. During the three months ended March 31, 2015, the Company issued 18,480 shares of common stock in satisfaction of the \$6,966 of convertible debt and \$268 of accrued interest. No amounts remain outstanding as of December 31, 2015.

On April 1, 2014 the Company entered into a note agreement whereby the Company issued a note payable with a principal amount of \$600,000 plus prepaid interest of \$60,000 and prepaid legal fees of \$5,000 for an aggregate amount of \$665,000. Additional interest of 8% on the outstanding balance is also incurred. The current holder shall have the right from time to time to convert all or any part of the outstanding and unpaid principal amount of this note into fully paid and non-assessable shares of common stock. The note matured on April 1, 2015 and is convertible, at the note holder's option, into common shares of the Company after 90 days at the lower of \$.0074 or 40% of the average closing price 20 days prior to conversion. The Company is to receive principal from the note of \$50,000 per month starting in April 2014 and for 11 months thereafter, for a total of \$600,000 of which \$350,000 was received during the year ended December 31, 2014. In addition, the Company has issued warrants to the note holder which vest in equal amounts, over the 12 month period. The note holder may purchase up to 2,771 shares of the Company's common stock at \$240 per share per warrant or convert the warrants to common stock on a formula as cashless warrants. Because of the variable conversion option contained in the convertible note and the ratchet provision included in the warrant, the Company recorded derivative liabilities totaling \$1,706,747 upon issuance of the note, offset by a discount equal to the face value of the funded portion of the notes, which became convertible during the year ended December 31, 2014, or \$370,000, and initial derivative expense of \$1,536,747. During the year ended December 31, 2015, the Company received an additional \$25,000 in financing from this note. Additionally, during the year ended December 31, 2015 the Company issued 449,374,244 shares of common stock upon conversion of \$98,640 of convertible debt principal. The outstanding principal as of December 31, 2015 totaled \$226,560.

On July 2, 2014 the Company issued a convertible promissory note in the principal amount of \$40,000. The note bears interest at the rate of 8% per annum and matured July 2, 2015. During the year ended December 31, 2015, the Company received an additional \$21,500 and repaid \$28,253 on the note. The note is convertible into shares of the Company's common stock after 180 days at 50% of the average of the lowest 2 trading prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$43,200 debt discount of \$40,000 and derivative expense of \$3,200. The debt discount of \$40,000 is being amortized into interest expense over the term of the note. During the year ended December 31, 2015, the Company issued 609,869,067 shares of common stock upon conversion of \$38,005 of convertible debt principal and \$3,388 of accrued interest. Amortization for the year ended December 31, 2015, totaled \$20,055 and the carrying value of the note as of December 31, is \$0.

On July 2, 2014 the Company issued a convertible promissory note in the principal amount of \$50,000. The note bears interest at the rate of 8% per annum and matured July 2, 2015. The note is convertible into shares of the

Company's common stock at 50% of the lowest trading price during the 20 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$54,000, debt discount of \$50,000 and derivative expense of \$4,000. The debt discount of \$50,000 is being amortized into interest expense over the term of the note. During the year ended December 31, 2015, the Company issued 77,000 shares of common stock upon conversion of \$19,000 of convertible debt principal. Amortization for the year ended December 31, 2015, totaled \$25,069 and the carrying value of the note as of December 31, is \$31,000.

On December 3, 2014 the Company issued a convertible promissory note in the principal amount of \$30,000 plus prepaid legal fees of \$1,500. The note bears interest at the rate of 8% per annum and matured December 3, 2015. The note is convertible into shares of the Company's common stock at any time equal to 50% of the average of the lowest 2 trading prices during the 20 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$32,400 debt discount of \$30,000 and derivative expense of \$2,400. The debt discount of \$30,000 is being amortized into interest expense over the term of the note. Amortization for the year ended December 31, 2015, totaled \$30,000 and the carrying value of the note as of December 31, 2015, is \$30,000, net of unamortized discount of \$0.

On January 9, 2015 the Company issued a convertible promissory note in the principal amount of \$111,111. The note bears interest at the rate of 6% per annum and matures January 9, 2016. The note is convertible into shares of the Company's common stock at a conversion price equal to 50% of the average of the 10 closing bid prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$112,514, debt discount of \$111,111 and derivative expense of \$1,403. The debt discount of \$111,111 is being amortized into interest expense over the term of the note. . During the year ended December 31, 2015, the Company issued 13,159 shares of common stock upon conversion of \$5,264 of convertible debt principal. Amortization for the year ended December 31, 2015 totaled \$111,111 and the carrying value of the note as of December 31, 2015, is \$105,847, net of unamortized discount of \$0.

On June 29, 2015 the Company issued a convertible promissory note in the principal amount of \$29,750. The note bears interest at the rate of 24% per annum and matures March 29, 2016. The note is convertible into shares of the Company's common stock at a conversion price equal to 55% of the lowest closing bid within 25 trading days preceding the conversion date or 55% of the lowest closing bid price during the 25 trading days immediately preceding the date of the note. The embedded conversion feature is not required to be recorded as a derivative liability since the number of shares that can be converted is limited.

#### **NOTE 4 – STOCKHOLDERS' DEFICIT**

Effective April 9, 2015, the Company completed a one share for four thousand share (1 for 4000) reverse stock split of its common stock. All per share figures in this filing have been adjusted to reflect the effects of the reverse split.

During the year ended December 31, 2014, the Company issued 23,841 shares of common stock for services rendered.

During the year ended December 31, 2014, the Company issued 1,000 for cash.

During the year ended December 31, 2014, the Company issued 38,609 shares of common stock for the conversion of convertible debt.

On January 8, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 9, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,582 shares of common stock for the conversion of \$2,200 of convertible debt.

On January 14, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 16, 2015 the Company issued 13,159 shares of common stock for the conversion of \$7,895 of convertible debt.

On January 16, 2015 the Company issued 5,616 shares of common stock for the conversion of \$3,300 of convertible debt and \$70 of accrued interest.

On January 20, 2015 the Company issued 9,625 shares of common stock for the conversion of \$4,620 of convertible debt.

On January 21, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 22, 2015 the Company issued 10,250 shares of common stock for the conversion of \$4,920 of convertible debt.

On January 23, 2015 the Company issued 5,375 shares of common stock for the conversion of \$2,580 of convertible debt.

On January 26, 2015 the Company issued 4,284 shares of common stock for the conversion of \$2,000 of convertible debt and \$142 of accrued interest.

On January 26, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 27, 2015 the Company issued 19,500 shares of common stock for the conversion of \$6,240 of convertible debt.

On January 30, 2015 the Company issued 8,580 shares of common stock for the conversion of \$1,600 of convertible debt and \$116 of accrued interest.

On February 3, 2015 the Company issued 8,750 shares of common stock for the conversion of \$2,800 of convertible debt.

On February 4, 2015 the Company issued 9,162 shares of common stock for the conversion of \$1,700 of convertible debt and \$132 of accrued interest.

On February 5, 2015 the Company issued 9,000 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 9, 2015 the Company issued 9,500 shares of common stock for the conversion of \$3,040 of convertible debt.

On February 10, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 11, 2015 the Company issued 10,000 shares of common stock for the conversion of \$1,600 of convertible debt.

On February 12, 2015 the Company issued 11,250 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 20, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 23, 2015 the Company issued 12,500 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 24, 2015 the Company issued 12,608 shares of common stock for the conversion of \$2,400 of convertible debt and \$122 of accrued interest.

On February 26, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 14,750 shares of common stock for the conversion of \$2,360 of convertible debt.

During the nine months ended December 31, 2015, the Company issued 1,059,097,959 shares of common stock for the conversion of \$92,531 of convertible debt.

During the three months ended June 30, 2015, the Company issued 37,333,348 shares of common stock in relation to the April 2015 stock split.

During the three months ended June 30, 2015, the Company issued 1,596,950,000 shares of common stock for services rendered.

The Company has issued warrants to purchase 2,771 shares of common stock of which 2,078 are exercisable as of March 31, 2015. The warrants have an exercise price of \$240 per share and expire on April 1, 2017 (See Note 3).

On February 27, 2015, the Company's Board of Directors, pursuant to the authority granted it in Section 1 of Article II of the Company's Articles of Incorporation, designated 2,000,000 shares of the Company's Preferred Stock as Series A Preferred Stock and authorized and instructed the Company's officers to file the Certificate of Designation for the Series A Preferred Stock with the Nevada Secretary of State.

In December 2015, the former CEO contributed \$11,300 to the Company.

Further, the Company's Board of Directors approved the issuance of 1,000,000 shares of the Series A Preferred Stock to Ms. Lisa Nelson, the Company's President. Each Series A Preferred Share has voting rights of 10,000 votes per share. The Series A Preferred Stock are not convertible into the shares of the Company's Common Stock and are not entitled to be paid any dividends. No sinking fund is required to be established for the retirement or repurchase of the shares of the Series A Preferred Stock and the Company has the right, with the approval of the holder, to repurchase all or any portion of the Series A Preferred Stock at a redemption price of \$0.00001 per share. Further, the holders of the Series A Preferred Stock does not hold any registration rights.

All of the Series A Preferred Shares were offered and sold to Ms. Nelson as restricted securities pursuant to the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended and Ms. Nelson agreed that she was acquiring the Series A Preferred Shares for investment purposes only and not with a view to a distribution.

The Company did not use or employ any FINRA-registered broker-dealer or any other intermediary in connection with the offering and issuance of the Series A Preferred Shares to Ms. Nelson and the Company did not receive any

proceeds from their issuance. The Series A Preferred Shares were issued solely as compensation for services rendered to the Company by Ms. Nelson.

**NOTE 5 – LEASE**

On May 16, 2013 the Company signed a lease for 950 square feet of space with the lease commencing on July 1, 2013 and expiring on August 1, 2015. Under the terms of the lease the the Company is obligated to pay monthly rental of \$950 plus CAM and taxes from January 1, 2014 through June 30, 2014 and \$950 in monthly rental plus CAM and taxes through the term of the lease ending July 31, 2015.

**NOTE 6 – INCOME TAXES**

The Company has incurred aggregate net operating losses in excess of \$12,000,000 including over \$8,000,000 of stock compensation. The net operating loss carries forward for United States income taxes, which may be available to reduce future years' taxable income. These carryforwards will expire, if not utilized, starting in 2030. Management believes that the realization of the benefits from these losses appears more than likely due to the Company's limited operating history and continuing losses for United States income tax purposes. Accordingly, the Company has provided a 100% valuation allowance on the deferred tax asset to reduce the asset to zero. Management will review this valuation allowance periodically and make adjustments as necessary.

**6) Describe the Issuer's Business, Products and Services**

- A. ML Capital Group, Inc.'s primary business consists of producing products and providing services that support the medical marijuana industry and that enhance the lives of the patients that have turned to medical marijuana/cannabis to manage their various ailments. The Company is currently producing and marketing its products and services under the Superstar Products brand name, including vapor pens, mobile applications, and books. The focus of the Company is to sell products and services that do not include the growing, manufacture, or distribution of medical marijuana, cannabis, or cannabis by-products. This places the ML Capital Group, Inc. as one of the safest types of companies to invest in within the entire medical marijuana industry.
- B. Date and State (or Jurisdiction) of Incorporation:  
September 22, 2009 in the State of Nevada
- C. The Issuers primary and secondary SIC Codes:  
6199 – Financial Services
- D. The Issuer's Fiscal year end date:  
December 31, 2016
- E. Principal products or services, and their markets:  
ML Capital Group, Inc.'s primary business consists of producing products and providing services that support the medical marijuana industry and that enhance the lives of the patients that have turned to medical marijuana/cannabis to manage their various ailments. The Company is currently producing and marketing its products and services under the Superstar Products brand name, including vapor pens, mobile applications, and books. The focus of the Company is to sell products and services that do not include the growing, manufacture, or distribution of medical marijuana, cannabis, or cannabis by-products. This places the ML Capital Group, Inc. as one of the safest types of companies to invest in within the entire medical marijuana industry.

## **7) Describe the Issuer's Facilities**

On May 16, 2013 the Company signed a lease for 950 square feet of space with the lease commencing on July 1, 2013 and expiring on August 1, 2015. Under the terms of the lease the Company paid monthly lease rental of \$900 per month plus estimated CAM and taxes from July 1, 2013 through December 31, 2013. The Company is further obligated to pay monthly rental of \$950 plus CAM and taxes through the term of the lease ending July 31, 2015.

## **8) Officers, Directors and Control Persons**

### **A. Names of Officers, Directors and Control Persons**

Lisa Neslon, Chief Executive Officer (Principal Executive Officer) and Chairman of the Board of Directors

### **B. Legal / Disciplinary History**

1. A conviction in a criminal proceeding (excluding traffic violations and other minor offences); None
2. The entry of an order, judgement, or decree, not subsequently reversed, suspended or vacated, be a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities; None
3. A finding or judgement be a court of competent jurisdiction (in civil action), the Securities Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgement has not been reversed, suspended, or vacated; None
4. The entry of an order be a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities; None

### **C. Beneficial Shareholders**

Lisa Nelson 99%  
16810 East Avenue of the Fountains, Suite 103  
Fountain Hills, Arizona 85268

## **9) Third Party Providers**

### **Legal Counsel**

MacDonald Tuskey Corp.  
#409, 221 W. Esplanade  
North Vancouver, BC V7M 3J3  
Canada  
Phone: 604-973-0580  
Email: [wmacdonald@wlmlaw.ca](mailto:wmacdonald@wlmlaw.ca)

### **Accountant or Auditor**

Cox CPA Services, Inc.  
974 Campbell Road #106

Houston, TX 77024  
Phone: 713-647-0007  
Email: [teresa@coxcpaservices.com](mailto:teresa@coxcpaservices.com)

#### **10) Issuer Certification**

I, Kevin Bobryk certify that:

1. I have reviewed this Annual Disclosure Statement of ML Capital Group Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, 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 in this disclosure statement.

08/02/16

Date



Kevin Bobryk, President, Chief Executive Officer and Secretary