

**U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**Commission file number: 000-54994**



**VAPETEK INC.**

(Exact name of registrant as specified in its charter)

<p align="center"><b>Delaware</b></p> <p align="center">(State or Other Jurisdiction of Incorporation or Organization)</p>	<p align="center"><b>46-3021464</b></p> <p align="center">(I.R.S. Employer Identification No.)</p>
<p align="center"><b>Andy Michael Ibrahim</b> <b>VAPETEK Inc.</b> <b>7611 Slater Avenue, Unit H,</b> <b>Huntington Beach, CA</b></p> <p align="center">(Address of Principal Executive Offices)</p>	<p align="center"><b>92647</b></p> <p align="center">(Zip Code)</p>

Registrant's telephone number, including area code: (714) 916-9321

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 19, 2014 the issuer had 50,000,000 shares of its common stock issued and outstanding.



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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**VAPETEK Inc.**  
**(formerly ALPINE 2 INC.)**  
**Financial Statements**  
**(Unaudited)**

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**VAPETEK Inc.**  
**(formerly ALPINE 2 INC.)**  
**CONDENSED BALANCE SHEETS**  
**(Unaudited)**

	September 30, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash	\$ 5,749	\$ -
Inventory	7,772	-
Total current assets	13,521	-
Computer, net	917	-
Total assets	\$ 14,438	\$ -
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 700	\$ 1,333
Due to related party	-	500
Total current liabilities	700	1,833
Due to related party – non current	23,158	-
Total liabilities	23,858	1,833
Stockholders' deficit:		
Preferred stock, (\$.0001 par value, 5,000,000 shares authorized; none issued and outstanding)	-	-
Common stock (\$.0001 par value, 100,000,000 shares authorized; 50,000,000 shares and 10,000,000 shares issued and outstanding, respectively)	5,000	1,000
Additional paid-in capital	500	0
Accumulated deficit	(14,920)	(2,833)
Total stockholders' deficit	(9,420)	(1,833)
Total liabilities and stockholders' equity (deficit)	\$ 14,438	\$ -

*The accompanying notes are an integral part of these unaudited condensed financial statements.*

**VAPETEK Inc.**  
**(formerly ALPINE 2 INC.)**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Three months ended September 30,		Nine months ended September 30,	June 18, 2013 (inception) to September 30,
	2014	2013	2014	2013
Sales	\$ 15,597	\$ -	\$ 24,947	\$ -
Cost of sales	14,223	-	22,723	-
Gross Margin	<u>1,374</u>	<u>-</u>	<u>2,224</u>	<u>-</u>
Operating expenses:				
Depreciation	91	-	183	-
Professional fees	5,275	-	12,486	-
General and administrative	989	917	1,642	1,917
Total operating expenses	<u>6,355</u>	<u>917</u>	<u>14,311</u>	<u>1,917</u>
Net loss	<u>\$ (4,981)</u>	<u>\$ (917)</u>	<u>\$ (12,087)</u>	<u>\$ (1,917)</u>
Basic loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Basic weighted average common shares outstanding	<u>50,000,000</u>	<u>10,000,000</u>	<u>39,890,110</u>	<u>10,000,000</u>

*The accompanying notes are an integral part of these unaudited condensed financial statements.*

**VAPETEK Inc.**  
**(formerly ALPINE 2 INC.)**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Nine months ended September 30, 2014	June 18, 2013 (inception) to September 30, 2013
Operating activities:		
Net Loss	\$ (12,087)	\$ (1,917)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	183	-
Stock-based compensation - related party	4,000	1,000
Changes in operating assets and liabilities:		
Increase in inventory	(7,772)	-
Accounts payable and accrued liabilities	(633)	-
Net cash used in operating activities	<u>(16,309)</u>	<u>(917)</u>
Investing activities:		
Purchase of fixed assets	<u>(1,100)</u>	-
Net cash used in investing activities	<u>(1,100)</u>	-
Financing activities:		
Loans from related party	<u>23,158</u>	<u>917</u>
Net cash provided by financing activities	<u>23,158</u>	<u>917</u>
Net change in cash	5,749	-
Cash, beginning of period	<u>-</u>	<u>-</u>
Cash, end of period	<u>\$ 5,749</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part of these unaudited condensed financial statements.*



**VAPETEK Inc.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**September 30, 2014**  
**(Unaudited)**

**NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

VAPETEK Inc., f/k/a, ALPINE 2 Inc. (the “Company”), was incorporated under the laws of the State of Delaware on June 18, 2013. VAPETEK Inc. designs, markets, and distributes electronic cigarettes, vaporizers, e-liquids, and accessories. The Company’s products are designed to look like traditional cigarettes, are battery-powered products that enable users to inhale nicotine vapor without smoke, tar, ash, or carbon monoxide.

On March 6, 2014, the Board of Directors and majority stockholder of the Company approved an amendment to the Company’s Certificate of Incorporation to change the name of the Company from ALPINE 2 Inc. to VAPETEK Inc. On that date, the Company filed a Certificate of Amendment with the State of Delaware.

On April 1, 2014, the Company entered into a product distribution agreement with West Coast Vape Supply Inc. to supply electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products. West Coast Vape Supply Inc. is a related party and owned 100% by the management of Vapetek Inc. West Coast Vape Supply Inc. made several loans to the Company during the second and third quarters, in aggregate, \$18,158. Additionally, PennyGrab Inc., a related party owned 100% by our Chairman, loaned the Company \$5,000 in the second quarter. These loans were made under the Loan Agreement (“Loan Agreement”) and provided capital to purchase inventory and begin our operations.

On September 23, 2014, the Company filed its Form 8-K (“Super 8-K”) outlining its discussion on its asset acquisition license with PennyGrab Inc., its entry into a product distribution agreement with West Coast Vape Supply Inc. to supply products of electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products, the development of its corporate website and sales from its line of products that it now offers. As a fully-operating entity, the Super 8-K disclosed that it had exited its shell company status pursuant to Item 5.06, Change in Shell Company Status.

On August 11, 2014, the Company entered into a Licensing Agreement (the “Agreement”) with PennyGrab Inc. (“PennyGrab”). PennyGrab, a company owned 100% by our Chairman, Alham Benyameen, is the owner of technology, including software code, relating a website designed for wholesale, retail, and online auction compatible products. The software code is a PHP website script that is 100% customizable and is SEO friendly that improves site search engines rankings. The software code is the “Licensed Technology.”

Pursuant to the Agreement, PennyGrab granted to the Company an exclusive, transferable (including sublicensable) worldwide perpetual license of the Licensed Technology, to make, use, lease, and sell products incorporating the Licensed Technology. The Company is required to pay to PennyGrab royalty payments equal to \$100 (One Hundred Dollars) per year.

The term of the Agreement is ongoing and effective as of August 11, 2014.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q, the financial statements, footnote disclosures and other information normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The unaudited condensed financial statements contained in this report are unaudited but, in the opinion of management, reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the unaudited condensed financial statements. The results of operations for any interim period are not necessarily indicative of results for the full year. The balance sheet at December 31, 2013 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The Company has elected a fiscal year ending on December 31.



## Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

## Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments with original maturities of less than 90 days. Cash equivalents are placed with high credit quality financial institutions and are primarily in money market funds. The carrying value of those investments approximates fair value.

## Inventory

The Company inventories a variety of electronic cigarettes, known as “e-cigs”, e-cig attachments, customizable devices, and e-liquid cartridges is stated at the lower of cost (first in, first out method) or market. As of September 30, 2014, the Company has \$7,772 of finished goods inventory on hand.

## Property and equipment

Property and equipment are stated at the lower of cost or fair value. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Description	Estimated Life
Computer equipment	3 years

The estimated useful lives are based on the nature of the assets as well as current operating strategy and legal considerations such as contractual life. Future events, such as property expansions, property developments, new competition, or new regulations, could result in a change in the manner in which the Company uses certain assets requiring a change in the estimated useful lives of such assets.

## Revenue Recognition

Revenue is only recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the price to the buyer is fixed or determinable, and (4) collectability is reasonably assured.

## Returns, Repairs and Exchange Policy

It is the policy of the Company to issue no refunds once an order has been shipped unless due to product defects or Company error. The default warranty for all products is 14 days unless otherwise specified. Eligibility for refunds, repairs or exchanges are limited to products determined to have manufacturing defects or premature failure. Products that are damaged through misuse, negligence, and abuse or modified or repaired by anyone other than Vapetek, Inc. are not eligible for exchange.

Shipping fees are non-refundable.

Due to personal tastes and preferences the Company does not offer returns, refunds or exchanges for e-liquid products. All e-liquid purchases are final.

If fulfillment errors occur, requests to correct mistakes that are made by the Company resulting in a customer’s receipt of incorrect or missing items in the order will be accepted for 14 days after the receipt of the order. Requests for missing or incorrect items will not be accepted after 14 days from the date the order has been received.



## **Basic Earnings (Loss) per Share**

Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if potentially dilutive securities had been issued. There were no potentially dilutive securities outstanding during the periods presented.

## **Stock-based compensation**

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with FASB ASC 718-10 and the conclusions reached by the FASB ASC 505-50. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by FASB ASC 505-50.

## **Impact of New Accounting Standards**

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-10 since the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

## ***NOTE 3. GOING CONCERN***

The accompanying unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses since inception and had accumulated a deficit of \$14,920 as of September 30, 2014. The Company requires capital for its contemplated operational and marketing activities. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

## ***NOTE 4. RELATED PARTY TRANSACTIONS***

On June 18, 2013, the former sole officer, former sole director and the founder of the Company, performed services for the Company, the value of which was \$1,000, in exchange for 10,000,000 shares of common stock (\$0.0001 per share). In addition, the founder of the Company forgave an advance for \$500 which is recorded as additional paid in capital.

On March 10, 2014, Alham Benyameen, the Chairman of the Board of Directors, performed services for the Company, the value of which was \$2,000, in exchange for 20,000,000 shares of common stock (\$0.0001 per share).

On March 10, 2014, Andy Michael Ibrahim, President, Chief Executive Officer, Secretary, Chief Financial Officer and Director, performed services for the Company, the value of which was \$2,000, in exchange for 20,000,000 shares of common stock (\$0.0001 per share).

On April 1, 2014, the Company entered into a product distribution agreement with West Coast Vape Supply Inc. to supply electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products. West Coast Vape Supply Inc. is a related party and owned 100% by the management of Vapetek Inc. As disclosed within this section of our filing, West Coast Vape Supply Inc. made several loans to the Company during the second and third quarters, in aggregate, \$18,158. Additionally, PennyGrab Inc., a related party owned 100% by our Chairman, loaned the Company \$5,000 in the second quarter. These loans were made under the

Loan Agreement (“Loan Agreement”) and provided capital to purchase inventory and begin our operations. Pursuant to this agreement, the Company began supplying products electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products during the second quarter.

On April 16, 2014, the Company executed a Loan Agreement for \$5,000 with PennyGrab, Inc., a company owned 100% by our Chairman, Alham Benyameen. The note is non-interest bearing, payable on demand and is due no later than April 16, 2019. As of September 30, 2014, this loan is still outstanding.

On June 2, 2014, the Company executed a Consolidated Loan Agreement for \$13,658 to West Coast Vape Supply Inc., a company owned 100% by the Company's management. The note is non-interest bearing, payable on demand and is due no later than June 2, 2019. As of September 30, 2014, this loan is still outstanding.

On July 2, 2014, the Company executed another Consolidated Loan Agreement for \$4,500 to West Coast Vape Supply Inc., The note is non-interest bearing, payable on demand and is due no later than July 2, 2019. As of September 30, 2014, this loan is still outstanding.

#### ***NOTE 5. STOCKHOLDER'S DEFICIT***

The Company is authorized to issue 100,000,000 shares of \$.0001 par value common stock. As of September 30, 2014 and December 31, 2013, 50,000,000 and 10,000,000 shares were issued and outstanding.

The Company is authorized to issue 5,000,000 shares of \$.0001 par value preferred stock. As of September 30, 2014 and December 31, 2013, no shares of preferred stock have been issued.

On June 18, 2013, the former sole officer, former sole director and the founder of the Company, performed services for the Company, the value of which was \$1,000, in exchange for 10,000,000 shares of common stock (\$.0001 per share). In addition, the founder of the Company forgave an advance for \$500 which is recorded as additional paid in capital.

On March 10, 2014, Alham Benyameen, the Chairman of the Board of Directors, performed services for the Company, the value of which was \$2,000, in exchange for 20,000,000 shares of common stock (\$.0001 per share).

On March 10, 2014, Andy Michael Ibrahim, President, Chief Executive Officer, Secretary, Chief Financial Officer and Director, performed services for the Company, the value of which was \$2,000 in exchange for 20,000,000 shares of common stock (\$.0001 per share).

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

### Company Overview

#### *Company Background.*

VAPETEK Inc. was incorporated in the State of Delaware on June 18, 2013. Since inception, the Company has been in the developmental stage and has conducted virtually no business operations. The Company owns no real estate or personal property. The Company was formed as a vehicle to pursue a business combination. The business purpose of the Company is to seek the acquisition of or merger with an existing company. The Company selected December 31 as its fiscal year end.

On March 6, 2014, the Company appointed Mr. Alham Benyameen as Chairman and President and Mr. Andy Michael Ibrahim as Chief Executive Officer, Chief Financial Officer, Secretary and Member of the Board of Directors.

On April 1, 2014, the Company entered into a product distribution agreement with West Coast Vape Supply Inc. to supply electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products. West Coast Vape Supply Inc. is a related party and owned 100% by the management of Vapetek Inc. West Coast Vape Supply Inc. made several loans to the Company during the second and third quarters, in aggregate, \$18,158. Additionally, PennyGrab Inc., a related party owned 100% by our Chairman, loaned the Company \$5,000 in the second quarter. These loans were made under the Loan Agreement ("Loan Agreement") and provided capital to purchase inventory and begin our operations.

On August 11, 2014, the Company entered into a Licensing Agreement (the "Agreement") with PennyGrab Inc. ("PennyGrab"). PennyGrab is the owner of technology, including software code, relating a website designed for wholesale, retail, and online auction compatible products. The software code is a PHP website script that is 100% customizable and is SEO friendly that improves site search engines rankings. The software code is the "Licensed Technology."

Pursuant to the Agreement, PennyGrab granted to the Company an exclusive, transferable (including sublicensable) worldwide perpetual license of the Licensed Technology, to make, use, import, lease, and sell products incorporating the Licensed Technology (the "Licensed Products"). The Company is required to pay to PennyGrab an annual payment of \$100 using the Licensed Technology. The term of the Agreement is ongoing and effective as of August 11, 2014.

On September 23, 2014, the Company filed its Form 8-K ("Super 8-K") outlining its discussion on its asset acquisition license with PennyGrab Inc., its entry into a product distribution agreement with West Coast Vape Supply Inc. to supply electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products, the development of its corporate website and sales from its line of products that it now offers. As a fully-operating entity, the Super 8-K disclosed that it had exited its shell company status pursuant to Item 5.06, Change in Shell Company Status.





### *Business Strategy*

The Company is committed to bringing high quality e-cig products to market to its customers through its innovative user experience from its products. According to Nathan K. Cobb, MD, and David B. Abrams, PhD, of Georgetown University, and John Hopkins Bloomberg School of Public Health, in 2014, Americans will spend an estimated \$2.2 billion on e-cigarettes and associated products such as vapor devices. The Company believes that by building a business strategy to leverage its unique ability to design, develop and source its products competitively through its source manufacturers in China will help position itself as a leading company within the e-cigarette market. The Company believes that continual investment in research and development, marketing and advertising is critical to the development and sale of innovative products and technologies. The Company also believes that with the addition of its licensed technology, a high-quality buying experience online can convey the value of the Company's products and services greatly enhances its ability to attract and retain customers. Therefore, the Company's strategy also includes enhancing and expanding its own e-cig distribution network to effectively reach more customers and provide them with high-quality sales and support experience. The Company maintains its licensed technology website on the Internet at [www.vapetek.com](http://www.vapetek.com)

### *Business Seasonality and Product Introductions*

The Company has not yet commenced sales in a meaningful way, therefore it is difficult to determine the expectation of business seasonality. However, the Company believes that it expects to experience higher net sales in its third and fourth quarters compared to other quarters in its fiscal year due in part to seasonal holiday demand. No assurances can be made as to the accuracy of the Company's expectations.

### **Results of operations for the three months ended September 30, 2014 and September 30, 2013.**

#### ***Revenues***

Our sales revenue was \$15,597 for the three months ended September 30, 2014, compared to no revenue for the three months ended September 30, 2013. The increase in revenue is due to the commencement of the Company's business plan, the sale of electronic cigarettes or "e-cigs", e-cig attachments, customizable devices, and e-liquid cartridges.

#### ***Cost of Sales***

Our cost of sales was \$14,223 for the three months ended September 30, 2014, compared to no cost of sales for the three months ended September 30, 2013. The increase is due to the sale of electronic cigarettes or "e-cigs", e-cig attachments, customizable devices, and e-liquid cartridges.

#### ***Operating Expenses***

Our operating expenses increased by \$5,438 to \$6,355 for the three months ended September 30, 2014 from \$917 for the three months ended September 30, 2013. The increase in expenses is primarily due to professional fees and other expenses related to our reporting requirements as a public company.

#### ***Net Loss***

We recorded a net loss of \$4,981 for the three months ended September 30, 2014, as compared with a net loss of \$917 for the three months ended September 30, 2013. The increase in net loss can mainly be attributed to increased professional fees.

### **Results of operations for the nine months ended September 30, 2014 and from June 18, 2013 to September 30, 2013.**

#### ***Revenues***

Our sales revenue was \$24,947 for the nine months ended September 30, 2014, compared to no revenue in the prior period. The increase in revenue is due to the commencement of the Company's business plan, the sale of electronic cigarettes or "e-cigs", e-cig attachments, customizable devices, and e-liquid cartridges.



### ***Cost of Sales***

Our cost of sales was \$22,723 for the nine months ended September 30, 2014, compared to no cost of sales for the prior period. The increase is due to the sale of electronic cigarettes or “e-cigs”, e-cig attachments, customizable devices, and e-liquid cartridges.

### ***Operating Expenses***

Our operating expenses increased by \$12,394 to \$14,311 for the nine months ended September 30, 2014 from \$1,917 for the period June 18, 2013 to September 30, 2013. The increase in expenses is primarily due to professional fees and other expenses related to our reporting requirements as a public company.

### ***Net Loss***

We recorded a net loss of \$12,087 for the nine months ended September 30, 2014, as compared with a net loss of \$1,917 for period June 18, 2013 to September 30, 2013. The increase in net loss can mainly be attributed to increased professional fees.

We anticipate that we will incur approximately \$52,000 for operating expenses, including, legal, accounting and audit expenses associated with our reporting requirements as a public company under the Exchange Act during the next twelve months.

### **Liquidity and Capital Resources**

#### ***Cash Flows***

##### ***Cash Used In Operating Activities***

For the nine months ended September 30, 2014 we used \$16,309 for operating activities. Our increase in inventory for the nine months ended September 30, 2014 was the main contributing factor for our negative operating cash flow.

##### ***Cash from Investing Activities***

During the nine months ended September 30, 2014, we purchased a new computer for \$1,100. This was the only capital expenditure during the period.

##### ***Cash from Financing Activities***

We generated \$23,158 in cash from advances from a related party.

On April 16, 2014, the Company executed a Loan Agreement for \$5,000 with PennyGrab, Inc., a company owned 100% by our Chairman, Alham Benyameen. The note is non-interest bearing, payable on demand and is due no later than April 16, 2019. As of September 30, 2014, this loan is still outstanding.

On June 2, 2014, the Company executed a Loan Agreement for \$13,658 to West Coast Vape Supply Inc., a company owned 100% by the Company’s management. The note is non-interest bearing, payable on demand and is due no later than June 2, 2019. As of September 30, 2014, this loan is still outstanding.

On July 2, 2014, the Company executed another Consolidated Loan Agreement for \$4,500 to West Coast Vape Supply Inc., The note is non-interest bearing, payable on demand and is due no later than July 2, 2019. As of September 30, 2014, this loan is still outstanding.

As of September 30, 2014, we have insufficient cash to operate our business at the current level for the next twelve months and insufficient cash to achieve our business goals. The success of our business plan beyond the next 12 months is contingent upon us obtaining additional financing. We intend to fund operations through debt and/or equity financing arrangements, which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.



## **Off-Balance Sheet Arrangements and Contractual Obligations**

The Company has not entered into any transactions with unconsolidated entities whereby the Company has financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose the Company to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to the Company.

## **Critical Accounting Policies and Estimates**

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles (“GAAP”) and the Company’s discussion and analysis of its financial condition and operating results require the Company’s management to make judgments, assumptions, and estimates that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Note 2, “Summary of Significant Accounting Policies” of this Form 10-Q describes the significant accounting policies and methods used in the preparation of the Company’s condensed consolidated financial statements. Management bases its estimates on historical experience and on various other assumptions 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. Actual results may differ from these estimates and such differences may be material.

Management believes the Company’s critical accounting policies and estimates are those related to revenue recognition, valuation and impairment of marketable securities, inventory valuation and valuation of manufacturing-related assets and estimated purchase commitment cancellation fees, warranty costs, income taxes, and legal and other contingencies. Management considers these policies critical because they are both important to the portrayal of the Company’s financial condition and operating results, and they require management to make judgments and estimates about inherently uncertain matters.

## **Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses since inception and had accumulated a deficit of \$14,920 as of September 30, 2014. The Company requires capital for its contemplated operational and marketing activities. The Company’s ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

In order to mitigate the risk related with this uncertainty, the Company plans to issue additional shares of common stock for cash and services during the next 12 months.

## **Recent Developments**

On September 23, 2014, the Company filed its Form 8-K (“Super 8-K”) outlining its discussion on its asset acquisition license with PennyGrab Inc., its entry into a product distribution agreement with West Coast Vape Supply Inc. to supply electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products, the development of its corporate website and sales from its line of products that it now offers. As a fully-operating entity, the Super 8-K disclosed that had exited its shell company status pursuant to Item 5.06, Change in Shell Company Status.

## **Available Information**

The Company’s Registration Statement on Form 10, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are filed with the SEC. The Company is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements, and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge by calling the Company at (714) 916-9321 or when such reports are available on the SEC’s website. The public may read and copy any materials filed by the Company with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this

filing. Further, the Company's references to the URLs for these websites are intended to be inactive textual references only.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

None.

### **Item 4. Controls and Procedures.**

#### *Disclosure Controls and Procedures*

As required by Rule 13a-15 of the Securities Exchange Act of 1934, our principal executive officer and principal financial officer evaluated our company's disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of the end of the period covered by this report, these disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission and to ensure that such information is accumulated and communicated to our company's management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that our disclosure controls and procedures were not effective was due to the presence of the following material weaknesses in internal control over financial reporting which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both United States generally accepted accounting principles and Securities and Exchange Commission guidelines. Management anticipates that such disclosure controls and procedures will not be effective until the material weaknesses are remediated.

We plan to take steps to enhance and improve the design of our internal controls over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes during our fiscal year ending December 31, 2014, subject to obtaining additional financing: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out above are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2014 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

There are not presently any material pending legal proceedings to which the Registrant is a party or as to which any of its property is subject, and no such proceedings are known to the Registrant to be threatened or contemplated against it.

### Item 1A. Risk Factors

#### Opt-in right for emerging growth company

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the Jobs Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

#### Our business is difficult to evaluate because we have little operating history, no profits and minimal assets.

We began operations within the second quarter of 2014 with related party loans from West Coast Vape Supply Inc., a company 100% owned by the management of our Company, and from PennyGrab Inc., a company 100% owned by our Chairman.. On April 1, 2014, the Company and West Coast Vape Supply entered into a non-exclusive distribution agreement whereby the Company would provide West Coast Vape Supply with electronic cigarettes, vaporizers, e-liquids, and accessories, and other third party products

On August 13, 2014, we entered into an Agreement with PennyGrab Inc. Pursuant to this Agreement, we licensed their website technology code to develop and customize our corporate website www.vapetek.com. Our website is our store front to global customers servicing both wholesale and retail accounts. As of September 23, 2014, the Company had four wholesale dealer accounts not including its distribution agreement with West Coast Vape Supply Inc. PennyGrab Inc. is a related party and is 100% owned by our Chairman, Alham Benyameen.

As a company with minimal operating history, revenue and only minimal assets, we face risk that we may be unable to generate enough revenue to sustain our business. Furthermore, if we are unable to sustain any consistency to our revenues, we will continue to be unprofitable.

#### There is intense competition in our e-cigarette, vapor devices, e-liquids and accessories business.

We operate in an intensely competitive market for e-cigarette, vapor devices, e-liquids, and related accessories. According to Tobacco Control, an online journal authored by medical professionals from the University of San Diego, California, stated that as of January 2014, there were 466 brands of e-cigarettes and growing. A large number of these brands are established by well-financed competitors, including big traditional tobacco companies, small public companies and financed by venture capital firms. Nearly all of these competitors have significantly greater financial resources, technical expertise and managerial capabilities than we do; consequently, we are at a competitive disadvantage against the majority of these competitors. If we are unable to meet the competitive challenges we face, we may be unsuccessful in our business strategy.

#### The e-cigarette business has become regulated on the State level and there are more strict regulations under consideration by the U.S Federal Drug Administration (FDA).

Many states have enacted state and local laws for e-cigarette and vapor devices prohibiting usage in areas that are deemed as 100% smoke free areas. Many individual states now enforce similar laws against tobacco smoking to e-cigarette and vapor device usage. On April 24, 2014, the FDA announced by press release that it will extend its authority under the implementation of the Family Smoking Prevention and Tobacco Control Act signed by the President in 2009. This action extends the agency's tobacco authority over additional products such as electronic or "e-cigarettes", cigars, pipe tobacco, nicotine gels, waterpipe (hookah), and dissolvables. Under the proposed rule, makers of these newly deemed tobacco products would, among other requirements:

- Register with the FDA and report product ingredient listings;
- Only market new tobacco products after FDA review;
- Only make direct and implied claims of reduced risk if the FDA confirms that scientific evidence supports the claim and

- that marketing the product will benefit the public health as a whole;
- Not distribute free samples;

In addition, under the proposed new FDA rule, the following provisions would apply to newly “deemed” tobacco products:

- Minimum age and identification restrictions to prevent sales to underage youth,
- Requirements to include health warnings, and
- Prohibition of vending machine sales, unless in a facility that never admits youth.

**Due to increased regulations, an excise tax on e-cigarette sales and vapor devices may be coming.**

There is no uniform national approach to c-cigarette and vapor device taxation currently in effect. There are mostly free from federal rules and typically are subject only to state sales taxes. However, states may increase regulation and taxes, such as an excise tax. If states impose an excise tax on e-cigarette and vapor devices, we may encounter an adverse effect in our sales and financial results. There can be no assurances that an excise tax will not pose a significant negative effect to our business.

**Various parts of our company’s business are dependent on business relationships with various parties.**

We expect to rely in part upon third party manufacturers, and distribution partners to sell our products, and we may be adversely affected if those parties do not actively promote our products. Further, if our products are not timely delivered or do not perform as promised, we could experience increased costs, lower margins, liquidated damage payment obligations and reputational harm.

**We hold no patents on any of our products, and if we are not able to adequately protect our intellectual property, then we may not be able to compete effectively and we may not be profitable.**

We hold no patents on any of our products and rely on trade secret protection and regulatory protection of our technologies and product candidates as well as successfully defending third-party challenges to such technologies and candidates. We intend to file patents on certain products in the future, and we will seek to protect our technologies and product candidates from use by third parties only to the extent that valid and enforceable patents, trade secrets or regulatory protection cover them and we have exclusive rights to use them. The ability of our licensors, collaborators and suppliers to maintain their patent rights against third-party challenges to their validity, scope or enforceability will also play an important role in determining our future. There can be no assurances that we will ever successfully file or receive any patents in the future.

The copyright and patent positions of technology related companies can be highly uncertain and involve complex legal and factual questions that include unresolved principles and issues. No consistent policy regarding the breadth of claims allowed regarding such companies’ patents has emerged to date in the United States, and the patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property. Accordingly, we cannot predict with any certainty the range of claims that may be allowed or enforced concerning our patents.

We currently rely on trade secrets to protect our technologies, however, trade secrets are difficult to protect. While we seek to protect confidential information, in part, through confidentiality agreements with our consultants and other advisors, they may unintentionally or willfully disclose our information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of trade secrets can be expensive and time consuming, and the outcome is often unpredictable. If we are not able to maintain patent or trade secret protection on our technologies and product candidates, then we may not be able to exclude competitors from developing or marketing competing products, and we may not be able to operate profitably.

**If we are the subject of an intellectual property infringement claim, the cost of participating in any litigation could cause us to go out of business.**

There has been, and we believe that there will continue to be, significant litigation and demands for licenses in our industry regarding patent and other intellectual property rights. Although we anticipate having a valid defense to any allegation that our current products, production methods and other activities infringe the valid and enforceable intellectual property rights of any third parties, we cannot be certain that a third party will not challenge our position in the future. Other parties may own patent rights that we might infringe with our products or other activities, and our competitors or other patent holders may assert that our products and the methods we employ are covered by their patents. These parties could bring claims against us that would cause us to incur substantial litigation expenses and, if successful, may require us to pay substantial damages. Some of our potential competitors may be better able to sustain the costs of complex patent litigation, and depending on the circumstances, we could be forced to stop or delay our research, development, manufacturing or sales activities. Any of these costs could cause us to go out of business.



**We could lose our competitive advantages if we are not able to protect any proprietary technology and intellectual property rights against infringement, and any related litigation could be time-consuming and costly.**

Our success and ability to compete depends to a significant degree on our proprietary technology incorporated into our products. If any of our competitor's copies or otherwise gains access to our proprietary technology or develops similar technologies independently, we would not be able to compete as effectively. We also consider our trademarks invaluable to our ability to continue to develop and maintain the goodwill and recognition associated with our brand. We have registered the trademark VAPETEK for electronic cigarette batteries in the United States. This and any other measures that we may take to protect our intellectual property rights, which presently are based upon a combination of copyright, trade secret and trademark laws, may not be adequate to prevent their unauthorized use. Further, the laws of foreign countries may provide inadequate protection of such intellectual property rights. We may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. In addition, notwithstanding any rights we have secured in our intellectual property, other persons may bring claims against us that we have infringed on their intellectual property rights, including claims based upon the content we license from third parties or claims that our intellectual property right interests are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with our service marks or require us to make changes to our website or other of our technologies.

**If we fail to effectively manage our growth our future business results could be harmed and our managerial and operational resources may be strained.**

As we proceed with the expansion of our retail and manufacturing activities, we expect to experience significant and rapid growth in the scope and complexity of our business. We will need to add staff to market our services, manage operations, handle sales and marketing efforts and perform finance and accounting functions. We will be required to hire a broad range of additional personnel in order to successfully advance our operations. This growth is likely to place a strain on our management and operational resources. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our potential business, or the failure to manage growth effectively, could have a materially adverse effect on our business and financial condition.

**Our products and may become obsolete and unmarketable if we are unable to respond adequately to rapidly changing technology and customer demands.**

Our industry is characterized by rapid changes in technology and customer demands. As a result, our products and services may quickly become obsolete and unmarketable. Our future success will depend on our ability to adapt to technological advances, anticipate customer demands, develop new products and enhance our current products on a timely and cost-effective basis. Further, our products must remain competitive with those of other companies with substantially greater resources. We may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, we may not be able to adapt new or enhanced services to emerging industry standards, and our new products may not be favorably received.

**The use of electronic cigarettes may pose health risks as great as, or greater than, regular tobacco products.**

According to the FDA, electronic cigarettes may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Additionally, electronic cigarettes may be attractive to young people and may lead them to try other tobacco products, including conventional cigarettes that are known to cause disease. Because clinical studies about the safety and efficacy of electronic cigarettes have not been submitted to the FDA, consumers currently have no way of knowing whether electronic cigarettes are safe before their intended use; what types or concentrations of potentially harmful chemicals are found in these products; or how much nicotine is being inhaled. In February 2012, it was reported in Florida that an electronic cigarette exploded in a smoker's mouth causing serious injury. Although there does not appear to be similar incidences elsewhere nor are there specific details concerning the Florida incident, there is a risk that an electronic cigarette can cause bodily injury and the publicity from such instances of injury could dramatically slow the growth of the market for electronic cigarettes.

## Government Regulation

Based on the December 2010 U.S. Court of Appeals for the D.C. Circuit's decision in *Sottera, Inc. v. Food & Drug Administration*, 627 F.3d 891 (D.C. Cir. 2010), the United States Food and Drug Administration (the "FDA") is permitted to regulate electronic cigarettes as "tobacco products" under the Family Smoking Prevention and Tobacco Control Act of 2009 (the "Tobacco Control Act").

Under this Court decision, the FDA is not permitted to regulate electronic cigarettes as "drugs" or "devices" or a "combination product" under the Federal Food, Drug and Cosmetic Act unless they are marketed for therapeutic purposes.

Because we do not market our electronic cigarettes for therapeutic purposes, and our electronic cigarettes do not contain nicotine, we believe that our products should not fall under the regulatory oversight of the FDA. Nevertheless we believe it is important for any existing or potential investors to understand recent trends in government regulation relating to nicotine-based electronic cigarettes.

The Tobacco Control Act grants the FDA broad authority over the manufacture, sale, marketing and packaging of tobacco products, although the FDA is prohibited from issuing regulations banning all cigarettes or all smokeless tobacco products, or requiring the reduction of nicotine yields of a tobacco product to zero.

The Tobacco Control Act also requires establishment, within the FDA's new Center for Tobacco Products, of a Tobacco Products Scientific Advisory Committee to provide advice, information and recommendations with respect to the safety, dependence or health issues related to tobacco products.

The Tobacco Control Act imposes significant new restrictions on the advertising and promotion of tobacco products. For example, the law requires the FDA to finalize certain portions of regulations previously adopted by the FDA in 1996 (which were struck down by the Supreme Court in 2000 as beyond the FDA's authority). As written, these regulations would significantly limit the ability of manufacturers, distributors and retailers to advertise and promote tobacco products, by, for example, restricting the use of color, graphics and sound effects in advertising, limiting the use of outdoor advertising, restricting the sale and distribution of non-tobacco items and services, gifts, and sponsorship of events and imposing restrictions on the use for cigarette or smokeless tobacco products of trade or brand names that are used for non-tobacco products. The law also requires the FDA to issue future regulations regarding the promotion and marketing of tobacco products sold or distributed over the internet, by mail order or through other non-face-to-face transactions in order to prevent the sale of tobacco products to minors.

It is likely that the Tobacco Control Act could result in a decrease in tobacco product sales in the United States, including sales of our electronic cigarettes.

While the FDA has not yet mandated electronic cigarettes be regulated as tobacco products, during 2012, the FDA indicated that it intends to regulate electronic cigarettes under the Tobacco Control Act through the issuance of deeming regulations that would include electronic cigarettes under the definition of a "tobacco product" under the Tobacco Control Act subject to the FDA's jurisdiction. The FDA initially announced that it would issue proposed deeming regulations by April 2013 and then extended the deadline to October 31, 2013. As of the date of this prospectus, the FDA had not taken such action.

The application of the Tobacco Control Act to electronic cigarettes could impose, among other things, restrictions on the content of nicotine in electronic cigarettes, the advertising, marketing and sale of electronic cigarettes, the use of certain flavorings and the introduction of new products. We cannot predict the scope of such regulations or the impact they may have on our company specifically or the electronic cigarette industry generally, though if enacted, they could have a material adverse effect on our business, results of operations and financial condition.

In this regard, total compliance and related costs are not possible to predict and depend substantially on the future requirements imposed by the FDA under the Tobacco Control Act. Costs, however, could be substantial and could have a material adverse effect on our business, results of operations and financial condition. In addition, failure to comply with the Tobacco Control Act and with FDA regulatory requirements could result in significant financial penalties and could have a material adverse effect on our business, financial condition and results of operations and ability to market and sell our products. At present, we are not able to predict whether the Tobacco Control Act will impact us to a greater degree than competitors in the industry, thus affecting our competitive position.

State and local governments currently legislate and regulate tobacco products, including what is considered a tobacco product, how

tobacco taxes are calculated and collected, to whom and by whom tobacco products can be sold and where tobacco products may or may not be smoked. Certain municipalities have enacted local ordinances which preclude the use of electronic cigarettes where traditional tobacco burning cigarettes cannot be used and certain states have proposed legislation that would categorize electronic cigarettes as tobacco products, equivalent to their tobacco burning counterparts. If these bills become laws, electronic cigarettes may lose their appeal as an alternative to cigarettes; which may have the effect of reducing the demand for our products and as a result have a material adverse effect on our business, results of operations and financial condition.

The Tobacco industry expects significant regulatory developments to take place over the next few years, driven principally by the World Health Organization's Framework Convention on Tobacco Control ("FCTC"). The FCTC is the first international public health treaty on tobacco, and its objective is to establish a global agenda for tobacco regulation with the purpose of reducing initiation of tobacco use and encouraging cessation. Regulatory initiatives that have been proposed, introduced or enacted include:

- the levying of substantial and increasing tax and duty charges;
- restrictions or bans on advertising, marketing and sponsorship;
- the display of larger health warnings, graphic health warnings and other labeling requirements;
- restrictions on packaging design, including the use of colors and generic packaging;
- restrictions or bans on the display of tobacco product packaging at the point of sale, and restrictions or bans on cigarette vending machines;
- requirements regarding testing, disclosure and performance standards for tar, nicotine, carbon monoxide and other smoke constituents levels;
- requirements regarding testing, disclosure and use of tobacco product ingredients;
- increased restrictions on smoking in public and work places and, in some instances, in private places and outdoors;
- elimination of duty free allowances for travelers; and
- encouraging litigation against tobacco companies.

If electronic cigarettes are subject to one or more significant regulatory initiatives enacted under the FCTC, our business, results of operations and financial condition could be materially and adversely affected.

#### **New products face intense media attention and public pressure.**

Our product is new to the marketplace and since its introduction certain members of the media, politicians, government regulators and advocate groups, including independent doctors have called for an outright ban of all electronic cigarettes, pending regulatory review and a demonstration of safety. A ban of this type would likely have the effect of terminating our United States' sales and marketing efforts of certain products which we may currently market or have plans to market in the future. Such a ban would also likely cause public confusion as to which products are the subject of the ban and which are not and would have a material adverse effect on our business, financial condition and performance.

#### **The market for our products is uncertain and is still evolving.**

Electronic cigarettes, having recently been introduced to market, are at an early stage of development and are evolving rapidly and are characterized by an increasing number of market entrants. Our future revenues and any future profits are substantially dependent upon the widespread acceptance and use of electronic cigarettes. Rapid growth in the use of and interest in, electronic cigarettes is a recent phenomenon, and may not continue on a lasting basis. The demand and market acceptance for these products is subject to a high level of uncertainty.

#### **We market a single class of products, which may be subject to certain government regulations, whose approval we may or may not be able to achieve.**

Electronic cigarettes are new to the marketplace and may be subject to regulation as a drug, a medical device, a drug and medical device and or as a tobacco product. Most electronic cigarettes are sold as a means of delivering nicotine to the body. The FDA is the regulatory agency which oversees drugs, medical devices and tobacco; however at present it is unclear which, if any regulatory process is required to market, and sell electronic cigarettes. To date the FDA has not established a definitive policy regulating "electronic cigarettes" but is reviewing cases on a case by case basis. We intend to use reasonable efforts to file for the appropriate approvals to allow us to sell our product in the United States, however we have no indication that at present we will be able to afford to pursue regulatory approval and that if we are able to pursue said approval we have no assurances that the outcome of said approval process will result in our products being approved by the FDA. Moreover, if the FDA establishes a regulatory process that we are unable or unwilling to comply with our business, results of operations, financial condition and prospects would be adversely affected.



The anticipated costs of complying with future FDA regulations will be dependent on the rules issued by the FDA. Since our products are manufactured by third parties, we anticipate that they will bear the initial investment of approval and will pass those costs to us through price increases. If we need seek FDA approval, then based on several factors including either pre-market approval or 510K application, we estimate an application could take between 6 to 24 months with a cost of \$100,000 to \$2 million. If the device is deemed a drug and a device, we anticipate that the time and costs to comply with FDA regulations would be prohibitive to the future operations of our company and may have a material adverse effect on our business, results of operations and financial condition. In addition, failure to comply with FDA regulatory requirements could result in significant financial penalties and could have a material adverse effect on our business, financial condition and results of operations and ability to market and sell our products.

**Our products may contain nicotine which is considered to be a highly addictive substance.**

Certain of our products contain nicotine, a chemical found in cigarettes and other tobacco products which is considered to be highly addictive. The Family Smoking Prevention and Tobacco Control Act, empowers the FDA to regulate the amount of nicotine found in tobacco products, but may not require the reduction of nicotine yields of a tobacco product to zero. Any FDA regulation may require us to reformulate, recall and or discontinue certain of the products we may sell from time to time, which may have a material adverse effect on our ability to market our products and have a material adverse effect on our business, financial condition, results of operations, cash flows and/or future prospects.

**Our success is dependent upon our marketing efforts.**

We have limited marketing experience in marketing electronic cigarettes and limited financial, personnel and other resources to undertake extensive marketing activities. If we are unable to generate significant market awareness for our products and our brands our operations may not generate sufficient revenues for us to execute our business plan, generate revenues and achieve profitable operations.

We rely, in part, on the efforts of our independent sales distributors and outside broker/dealer network to augment our internal sales efforts and distribute our product to wholesalers and or retailers to generate revenues. No single distributor currently accounts for a material percentage of our revenues and we believe that should any of these relationships terminate we would be able to find suitable replacements, however any change in distributors or our ability to timely replace any given distributor would have a material adverse effect on our business, prospects, financial condition and results of operations.

**The lack of public company experience of our management team may put us at a competitive disadvantage.**

As a company with a class of securities registered under the Exchange Act, we are subject to reporting and other legal, accounting, corporate governance, and regulatory requirements imposed by the Exchange Act and rules and regulations promulgated under the Exchange Act. Our Chairman and CEO lacks public company experience which could impair our ability to comply with these legal, accounting, and regulatory requirements. Such responsibilities include complying with Federal securities laws and making required disclosures on a timely basis. Our senior management may not be able to implement and effect programs and policies in an effective and timely manner that adequately responds to such increased legal and regulatory compliance and reporting requirements. Our failure to do so could lead to the imposition of fines and penalties and further result in the deterioration of our business.

**Control by management**

As of the date of this Report, management of the Company owned 94% of the Company's outstanding shares. Future investors will own a minority percentage of the Company's Common Stock and will have voting rights of minority shareholders. Future investors will not have the ability to control a vote of the Company's Shareholders or Board of Directors, if management controls.

**Management intends to devote only a limited amount of time to Vapetek's operations due to their other work interests and business commitments.**

Our management own 100% of West Coast Vape Supply Inc., a related party that has from time to time loaned funds to our Company. Our Chairman, Alham Benyameen owns 100% of PennyGrab Inc., a reverse auctions website that has also loaned funds to our Company. Due to these other businesses, our management will only be able to commit 20 hours per week towards Vapetek's business operations. This limited commitment may adversely impact our ability to develop our business, stay competitive or to adequately address problems we may face in the future.



**As a fully-reporting Company, we will spend considerable time, effort and expense towards our reporting requirements.**

We are a fully-reporting company under the Securities Exchange Act of 1934. We face considerable time constraint due to our efforts in developing our e-cigarette business, and we also face financial expense towards our reporting requirements. Our management has loaned funds from related parties to cover our business expenses and will continue to do so either from personal funds or from additional related party funds.

**There is currently no trading market for our common stock, and liquidity of shares of our common stock is limited.**

All of the presently outstanding shares of common stock 50,000,000 are “restricted securities” as defined under Rule 144 promulgated under the Securities Act and may only be sold pursuant to an effective registration statement or an exemption from registration, if available. The SEC has adopted final rules amending Rule 144 which became effective on February 15, 2008. These final rules may be found at: [www.sec.gov/rules/final/2007/33-8869.pdf](http://www.sec.gov/rules/final/2007/33-8869.pdf). Pursuant to the new Rule 144, one year must elapse from the time a “shell company”, as defined in Rule 405, ceases to be “shell company” and files Form 10 information with the SEC, before a restricted shareholder can resell their holdings in reliance on Rule 144. Form 10 information is equivalent to information that a company would be required to file if it were registering a class of securities on Form 10 under the Securities and Exchange Act of 1934 (the “Exchange Act”). Under the amended Rule 144, restricted or unrestricted securities, that were initially issued by a reporting or non-reporting shell company or an Issuer that has at any time previously a reporting or non-reporting shell company as defined in Rule 405, can only be resold in reliance on Rule 144 if the following conditions are met: (1) the issuer of the securities that was formerly a reporting or non-reporting shell company has ceased to be a shell company; (2) the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; (3) the issuer of the securities has filed all reports and material required to be filed under Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding twelve months (or shorter period that the Issuer was required to file such reports and materials), other than Form 8-K reports and (4) at least one year has elapsed from the time the issuer filed the current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

There can be no assurance that we will ever meet these conditions and any purchases of our shares are subject to these restrictions on resale.

**Risks of ownership of “Penny Stocks” under SEC regulations**

Penny stocks have less visibility and transparency than higher priced securities. Companies that are quoted as penny stocks have risks that are inherently greater than securities that are higher priced due to such factors as less disclosure, lower investor interest and uncertain financial conditions of the issuer. The SEC has adopted regulations which generally define “penny stock” to be any equity security that has a market price less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities may be covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and other quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statement showing the market value of each penny stock held in the customer’s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer’s confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure and suitability requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our stock.

**There are issues impacting liquidity of our securities with respect to the SEC's review of a future resale registration statement.**

Since our shares of common stock issued prior to a business combination or reverse merger cannot currently, nor will they for a considerable period of time after we complete a business combination, be available to be offered, sold, pledged or otherwise transferred without being registered pursuant to the Securities Act, we will likely file a resale registration statement on Form S-1, or some other available form, to register for resale such shares of common stock. We cannot control this future registration process in all respects as some matters are outside our control. Even if we are successful in causing the effectiveness of the resale registration statement, there can be no assurances that the occurrence of subsequent events may not preclude our ability to maintain the effectiveness of the registration statement. Any of the foregoing items could have adverse effects on the liquidity of our shares of common stock.

In addition, the SEC has recently disclosed that it has developed internal informal guidelines concerning the use of a resale registration statement to register the securities issued to certain investors in private investment in public equity (PIPE) transactions, where the issuer has a market capitalization of less than \$75 million and, in general, does not qualify to file a Registration Statement on Form S-3 to register its securities. The SEC has taken the position that these smaller issuers may not be able to rely on Rule 415 under the Securities Act ("Rule 415"), which generally permits the offer and sale of securities on a continued or delayed basis over a period of time, but instead would require that the issuer offer and sell such securities in a direct or "primary" public offering, at a fixed price, if the facts and circumstances are such that the SEC believes the investors seeking to have their shares registered are underwriters and/or affiliates of the issuer. Staff members also have indicated that an issuer in most cases will have to wait until the later of six months after effectiveness of the first registration or such time as substantially all securities registered in the first registration are sold before filing a subsequent registration on behalf of the same investors. Since, following a reverse merger or business combination, we may have little or no tradable shares of common stock, it is unclear as to how many, if any, shares of common stock the SEC will permit us to register for resale. The SEC may require as a condition to the declaration of effectiveness of a resale registration statement that we reduce or "cut back" the number of shares of common stock to be registered in such registration statement. The result of the foregoing is that a stockholder's liquidity in our common stock may be adversely affected in the event the SEC requires a cut back of the securities as a condition to allow the Company to rely on Rule 415 with respect to a resale registration statement, or, if the SEC requires us to file a primary registration statement.

**We have never paid dividends on our common stock.**

We have never paid dividends on our Common Stock and do not presently intend to pay any dividends in the foreseeable future. We anticipate that any funds available for payment of dividends will be re-invested into the Company to further its business strategy.

**We cannot assure you that following a business combination with an operating business, our common stock will be listed on NASDAQ or any other securities exchange.**

Following a business combination, we may seek the listing of our common stock on NASDAQ or the American Stock Exchange. However, we cannot assure you that following such a transaction, we will be able to meet the initial listing standards of either of those or any other stock exchange, or that we will be able to maintain a listing of our common stock on either of those or any other stock exchange. After completing a business combination, until our common stock is listed on the NASDAQ or another stock exchange, we expect that our common stock would be eligible to trade on the OTC Bulletin Board, another over-the-counter quotation system, or on the "pink sheets," where our stockholders may find it more difficult to dispose of shares or obtain accurate quotations as to the market value of our common stock. In addition, we would be subject to an SEC rule that, if it failed to meet the criteria set forth in such rule, imposes various practice requirements on broker-dealers who sell securities governed by the rule to persons other than established customers and accredited investors. Consequently, such rule may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity. This would also make it more difficult for us to raise additional capital following a business combination.

**Our Certificate of Incorporation authorizes the issuance of preferred stock.**

Our Certificate of Incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock with designations, rights and preferences determined from time to time by its Board of Directors. Accordingly, our Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the common stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. Although we have no present intention to issue any shares of its authorized preferred stock, there can be no assurance that the

Company will not do so in the future.

**Control by management reduces the ability of minority shareholders to affect changes in management, corporate structure, or business strategy.**

Management currently own 94% of all the issued and outstanding capital stock of the Company. Consequently, management has the ability to control the operations of the Company and will have the ability to control substantially all matters submitted to stockholders for approval, including:

- Election of the board of directors;
- Removal of any directors;
- Amendment of the Company's certificate of incorporation or bylaws; and
- Adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination.

Andy Michael Ibrahim and Alham Benyameen are the beneficial owners of 47,200,000 shares of our common stock. Accordingly, this concentration of ownership by itself may have the effect of impeding a merger, consolidation, takeover or other business consolidation, or discouraging a potential acquirer from making a tender offer for the common stock.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

<b>Exhibit</b>	<b>Exhibit Description</b>	<b>Filed herewith</b>	<b>Incorporated by reference</b>			
			<b>Form</b>	<b>Period ending</b>	<b>Exhibit</b>	<b>Filing date</b>
3.1	Certificate of Incorporation		10		3.1	07/03/13
3.2	By-Laws		10		3.2	07/03/13
4.1	Specimen Stock Certificate		10		4.1	07/03/13
3.3	Certificate of Amendment of Certificate of Incorporation		8-K		3.3	04/07/14
10.1	Employment Agreement Alham Benyameen		8-K		10.3	03/11/14
10.2	Employment Agreement Andy Michael Ibrahim		8-K		10.2	03/11/14
10.3	Share Purchase Agreement		8-K		10.3	03/11/14
10.4	PennyGrab Loan Agreement		10-Q/A		10.4	10/30/14
10.5	West Coast Vape Supply Consolidated Loan Agreement		10-Q/A		10.4	10/30/14
10.6	West Coast Vape Supply Product Distribution Agreement		10-Q/A		10.6	10/30/14
16.1	Change of Auditors		8-K		16.1	07/14/14
99.1	PennyGrab Licensing Agreement		8-K		99.1	08/13/14
31	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Taxonomy Extension Schema Document	X				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Definition	X				

## SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**VAPETEK Inc.**

Dated: November 19, 2014

By: /s/ Andy Michael Ibrahim  
Andy Michael Ibrahim,  
Chief Executive Officer  
(Principal Executive Officer), Secretary and  
Member of the Board of Directors