

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 March 31, 2015

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)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

46-3021464

(I.R.S. Employer
Identification No.)

Andy Michael Ibrahim
VAPETEK Inc.
7611 Slater Avenue, Unit H,
Huntington Beach, CA

(Address of Principal Executive Offices)

92647

(Zip Code)

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 May 15, 2015 the issuer had 52,250,000 shares of its common stock issued and outstanding.

-1-

TABLE OF CONTENTS

PART I

<u>Item 1.</u>	<u>Financial Statements</u>	3
	<u>Condensed Balance Sheets as of March 31, 2015 (Unaudited) and December 31, 2014 (Audited)</u>	3
	<u>Condensed Statements of Operations for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u>	4
	<u>Condensed Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u>	5

	Notes to Unaudited Condensed Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	11
Item 4.	Controls and Procedures	11
PART II		
Item 1.	Legal Proceedings	12
Item 1A.	Risk Factors	12
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	12
Item 3.	Defaults Upon Senior Securities	12
Item 4.	Mine Safety Disclosures	12
Item 5.	Other Information	12
Item 6.	Exhibits	13
	Signatures	14

-2-

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements.

VAPETEK INC.
CONDENSED BALANCE SHEETS

	March 31, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 1,470	\$ 4,905
Prepaid	1,000	-
Inventory	7,082	1,871
Total current assets	<u>9,552</u>	<u>6,776</u>
Computer, net	<u>733</u>	<u>825</u>
Total assets	<u><u>10,285</u></u>	<u><u>7,601</u></u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	-	1,181
Due to related parties	43,158	23,158
Accrued rent – related party	8,050	5,635
Deferred revenue	-	2,225
Total current liabilities	<u>51,208</u>	<u>32,199</u>
Total liabilities	<u>51,208</u>	<u>32,199</u>
Stockholders' deficit:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 6,250,000 shares issued and outstanding.	625	625

Additional paid-in capital	4,875	4,875
Accumulated deficit	<u>(46,423)</u>	<u>(30,098)</u>
Total stockholders' deficit	<u>(40,923)</u>	<u>(24,598)</u>
Total liabilities and stockholders' deficit	\$ <u>10,285</u>	\$ <u>7,601</u>

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

-3-

VAPETEK INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2015	2014
Sales	\$ 2,225	\$ -
Sales – related party	9,145	-
Total sales	<u>11,370</u>	<u>-</u>
Cost of sales	<u>7,910</u>	<u>-</u>
Gross Margin	<u>3,460</u>	<u>-</u>
Operating expenses:		
Professional fees	16,400	-
General and administrative	<u>3,385</u>	<u>5,217</u>
Total operating expenses	<u>19,785</u>	<u>5,217</u>
Net loss	<u>\$ (16,325)</u>	<u>\$ (5,217)</u>
Basic & diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Basic & diluted weighted average common shares outstanding	<u>6,250,000</u>	<u>2,416,668</u>

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

-4-

VAPETEK INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net Loss	\$ (16,325)	\$ (5,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	92	-
Stock-based compensation - related party	-	4,000
Changes in operating assets and liabilities:		
Increase in prepaid	(1,000)	-
Decrease in inventory	(5,211)	-
Increase / (decrease) in accounts payable and accrued liabilities	(1,181)	1,217
Increase in accrued rent – related party	2,415	-
Decrease in deferred revenue	<u>(2,225)</u>	<u>-</u>
Net cash used in operating activities	<u>(23,435)</u>	<u>-</u>
Cash flows from financing activities:		
Loans from related party	<u>20,000</u>	<u>-</u>

Net cash provided by financing activities	20,000	-
Net change in cash	(3,435)	-
Cash, beginning of period	4,905	-
Cash, end of period	\$ 1,470	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

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

-5-

**VAPETEK INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS**

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. is engaged in the business of designing, sourcing, marketing and selling of electronic cigarettes. The Company provides a selection of vaping devices and related accessories. The Company's products include Sub Ohm Tanks, Sub Ohm Starter Kits, Sub Ohm Batteries, Temperature Control Box Mod Devices, Regulated Box Mods, E-Liquid, CBD Oil Tanks, CBD Oil Starter Kits, Dry Herb and Wax Atomizers, Variable Voltage Mods, Mechanical Mods, Ohm Readers, Resistance and Nickel Wire and Accessories. The Vaping devices consist of three components: a battery unit, an atomizer (which includes a heating element) and a tank filled with an e-liquid.

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

The Company's unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These financial statements should be read in conjunction with the audited financial statements and footnotes for the year ended December 31, 2014 included on the Company's Form 10-K. The results of the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the full year ending December 31, 2015.

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

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. There were no cash equivalents as of March 31, 2015 and December 31, 2014.

Reclassifications

Certain reclassifications have been made to the prior year financial information to conform to the presentation used in the financial statements for the three months ended March 31, 2015.

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 as of March 31, 2015 and December 31, 2014, the Company has \$7,082 and \$1,871 of finished goods inventory on hand, respectively.

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.

The Company recognized \$9,145 in revenue from West Coast Vape Supply, a related party for the three months ended March 31, 2015. This revenue consisted of approximately 80% of the Company’s total sales in the first quarter.

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.

The Company records shipping costs in accordance with EITF 00-10 Accounting for Shipping and Handling Fees and Costs. Accordingly, the shipping costs is shown in the financial statements to be included with general and administrative expense. Shipping costs for the three months ended March 31, 2015 was \$469.

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 based transactions with non-employees under the provisions of ASC Topic No. 505-50, “Equity-Based Payments to Non-Employees” (“Topic No. 505-50”). Topic No. 505-50 establishes that equity-based payment transactions with non-employees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The fair value of common stock issued for payments to non-employees in accordance with ASC Topic 505, “Equity”, whereas the value of the stock compensation is based upon the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) at the date at which the necessary performance to earn the equity instrument is complete. The fair value of equity instruments, other than common stock, is estimated using the Black-Scholes option valuation model. In general, the Company recognizes an asset or expense in the same manner as if it was to pay cash for the goods or services instead of paying with or using the equity instrument.

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, *Compensation - Stock Compensation* which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values on the grant date. The fair value of the equity instrument is charged directly to compensation expense and credited to additional paid-in capital over the period during which services are rendered. There has been no stock-based compensation issued to employees.

Fair Value of Financial Instruments

The carrying amount of cash, accounts payable and accrued liabilities, as applicable, approximates fair value due to the short-term nature of these items. The fair value of the related party notes payable cannot be determined because of the Company's affiliation with the parties with whom the agreements exist. The use of different assumptions or methodologies may have a material effect on the estimates of fair values.

ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

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.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40). ASU 2014-15 defines management's responsibilities to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern. The amendments in ASU 2014-15 will be effectively prospectively for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-15 for the year ended December 31, 2014.

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

Income Taxes

Income taxes are computed using the asset and liability method of accounting. Under the asset and liability method, a deferred tax asset or liability is recognized for estimated future tax effects attributable to temporary differences and carry-forwards. The measurement of deferred income tax assets is adjusted by a valuation allowance, if necessary, to recognize future tax benefits only to the extent, based on available evidence; it is more likely than not such benefits will be realized. The Company's deferred tax assets were fully reserved at March 31, 2015.

The Company accounts for its income taxes using the Income Tax topic of the FASB ASC 740, which requires the recognition of deferred tax liabilities and assets for expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

[Table of Contents](#)

NOTE 3. RELATED PARTY TRANSACTIONS

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. This loan was 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. The note is non-interest bearing, payable on demand and is due no later than April 16, 2019. The note also contains a conversion feature that allows PennyGrab, Inc. to convert into shares of restricted common stock at any time after the first year's anniversary of the date of the Loan Agreement, at the price based upon either: a) the price of its most recent private placement offering, closest to the time of conversion, b) if publicly-traded, then the bid price of its common stock on the closing day of conversion. As of March 31, 2015, this loan is still outstanding in full balance of \$5,000.

On June 1, 2014, the Company entered into a Lease Agreement ("Lease") with MEWE World, Inc. ("MEWE"), a company owned 100% by our Chairman, Alham Benyameen. The term of the lease is one year commencing June 1, 2014 and ending May 30, 2015. The Company shall pay MEWE rent of \$9,660 per year in equal monthly installments of \$805 payable in advance on the 1st of every month. As of March 31, 2015 and December 31, 2014, the Company has a payable to MEWE in the amount of \$8,050 and \$5,635, respectively.

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. The note also contains a conversion feature that allows West Coast Vape Supply to convert into shares of restricted common stock at any time after the first year's anniversary of the date of the Loan Agreement, at the price based upon either: a) the price of its most recent private placement offering, closest to the time of conversion, b) if publicly-traded, then the bid price of its common stock on the closing day of conversion. As of March 31, 2015, this loan is still outstanding in full balance of

\$13,658.

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. The note also contains a conversion feature that allows West Coast Vape Supply, Inc. to convert into shares of restricted common stock at any time after the first year's anniversary of the date of the Loan Agreement, at the price based upon either: a) the price of its most recent private placement offering, closest to the time of conversion, b) if publicly -traded, then the bid price of its common stock on the closing day of conversion at. As of March 31, 2015, this loan is still outstanding in full balance of \$4,500.

On March 10, 2015, the Company executed another Consolidated Loan Agreement for \$20,000 to West Coast Vape Supply Inc. The note is non-interest bearing, payable on demand and is due no later than March 10, 2020. The note also contains a conversion feature that allows West Coast Vape Supply, Inc. to convert into shares of restricted common stock at any time after the first year's anniversary of the date of the Loan Agreement, at the price based upon either: a) the price of its most recent private placement offering, closest to the time of conversion, b) if publicly -traded, then the bid price of its common stock on the closing day of conversion at. As of March 31, 2015, this loan is still outstanding in full balance of \$20,000.

The Company recognized \$9,145 in revenue from West Coast Vape Supply, a related party for the three months ended March 31, 2015. This revenue consisted of approximately 80% of the Company's total sales in the first quarter.

NOTE 4. STOCKHOLDER'S DEFICIT

The Company is authorized to issue 100,000,000 shares of \$.0001 par value common stock. As of March 31, 2015 and December 31, 2014, 6,250,000 shares were issued and outstanding.

The Company is authorized to issue 5,000,000 shares of \$.0001 par value preferred stock. No shares of preferred stock have been issued.

On April 6, 2015 the Company completed a reverse stock split in which every eight shares of common stock became one share of common stock. All shares throughout these financial statements and Form 10-Q have been retroactively restated for the reverse split.

NOTE 5. 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 has an accumulated a deficit of \$46,423 as of March 31, 2015. 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 6. SUBSEQUENT EVENTS

On April 6, 2015 the Company completed a reverse stock split in which every eight shares of common stock became one share of common stock. All shares throughout these financial statements and Form 10-Q have been retroactively restated for the reverse split.

On April 7, 2015 Alham Benyameen and Andy Michael Ibrahim were each issued 20,650,000 shares of restricted common stock for services rendered to the Company.

On April 8, 2015 the Company issued ETN Services, LLC 100,000 shares of restricted common stock for services rendered relating to SEC filing services.

Between April 22, 2015 and April 25, 2015, the Company sold 1,300,000 restricted shares of common stock at par value to seven individuals for total proceeds of \$130. The private placements from the sale of shares were exempt from registration under Regulation D of the Securities Act of 1933.

On April 24, 2015 we the Company issued Mitchell A. Stewart and Michail Selwanes 100,000 shares of restricted common stock each for services relating to upkeep and development of the Company's website.

On April 24, 2015 the Company gifted friends and family members of the Company's Officers/Directors a total of 3,100,000 shares of restricted common stock. Thirteen individuals were gifted shares and no monies were paid for them.

[Table of Contents](#)

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

Corporate History

The Company was incorporated under the laws of the State of Delaware on June 18, 2013, with an objective to acquire, or merge with, an operating business.

On March 6, 2014, we entered into a Share Purchase Agreement, resulting in a change of control, with Alham Benyameen and Andy Michael Ibrahim whereby Richard Chiang our Chairman of the Board of Directors, President, CEO, CFO and Secretary elected Mr. Benyameen as our Chairman of the Board of Directors and Mr. Ibrahim as our President, CEO, CFO, Secretary and Member of our Board of Directors.

Under the terms of the agreement, Mr. Chiang our former President and CEO sold 7,200,000 shares of Vapetek, Inc., formerly known as ALPINE 2 Inc. to Mr. Benyameen and Mr. Ibrahim in exchange for \$20,000. Mr. Chiang simultaneously resigned from his positions held in the Company. Upon the closing of our Share Purchase Agreement, we entered into an employment agreement with Mr. Benyameen and Mr. Ibrahim as officers and directors of ALPINE 2 Inc. We issued in advance 20,000,000 shares of our common stock to Mr. Benyameen and 20,000,000 shares of our common stock to Mr. Ibrahim. These shares were valued at par \$0.0001 at the time of transfer. Immediately after the closing of the Share Purchase Agreement, we had 50,000,000 shares of common stock outstanding, no shares of preferred stock, no options, and no warrants outstanding. On March, 12, 2014, we filed a certificate of amendment of certificate of incorporation with the State of Delaware and on March 25, 2014, officially amended our name from ALPINE 2 Inc., to Vapetek Inc.

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, we entered into a Licensing 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, lease, and sell products incorporating the Licensed Technology (the "Licensed Products"). The Company is required to pay to PennyGrab royalty payments equal to \$100 (One Hundred Dollars) per year.

On September 23, 2014 we filed an 8-K regarding a change in shell Company Status as we were no longer to be deemed a shell Company as we had more than nominal operations. There are currently no outstanding comments in regards to the 8-K filed and as of today we are no longer deemed to be a shell Company.

On April 6, 2015 the Company completed a reverse stock split in which every eight shares of common stock became one share of common stock. Subsequently, on April 7, 2015 Alham Benyameen and Andy Michael Ibrahim were each issued 20,650,000 shares of restricted common stock for services rendered to the Company.

On April 8, 2015 the Company issued ETN Services, LLC 100,000 shares of restricted common stock for services rendered relating to SEC filing services. No monies were paid for the shares.

Between April 22, 2015 and April 25, 2015 we the Company sold restricted shares of common stock at par value to seven individuals. The total shares sold were 1,300,000. The total proceeds from the sale amounted to \$130. The private placements from the sale of shares were exempt from registration under Regulation D of the Securities Act of 1933.

On April 24, 2015 we the Company issued Mitchell A. Stewart and Michail Selwanes 100,000 shares of restricted common stock each respectively for services relating to upkeep and development of the Company's website.

On April 24, 2015 we the Company gifted friends and family members of the Company's Officers/Directors a total of 3,100,000 shares of restricted common stock. Thirteen individuals were gifted shares and no monies were paid for them.

[Table of Contents](#)

Business Operations

Vapetek is a technology company engaged in developing, marketing and selling electronic cigarettes ("e-cig"), e-liquids, rechargeable batteries and vapor devices in the emerging growth e-cigarette industry. The Company's business product mix currently stands at 25% e-liquids and 75% devices, which consist of e-cig, rechargeable batteries and vapor devices. Thus far all of our revenues have been from the sale of 3 products; The Vapetek Liquivape e-Liquid, 1100 mAh Vapetek Batteries and our DA Blaster product. All of our products are U.S. pharmacopeia (USP) grade which means our e-liquids meet the product

quality and standards set by The United States Pharmacopeial Convention, a non-profit organization that publishes food ingredients and dietary supplements. Food ingredients, flavorings and colorings, are reviewed by the USP and these standards are used by regulatory agencies and manufacturers to help ensure that these products are of appropriate identity, as well as strength, quality, purity and consistency.

Results of operations for the three months ended March 31, 2015 and March 31, 2014.

Revenues

Our sales revenue was \$11,370 for the three months ended March 31, 2015, compared to \$0 revenue for the three months ended March 31, 2014. The increase in revenue is due to furthering the Company's business plan, and the increased sales of electronic cigarettes or "e-cigs", e-cig attachments, customizable devices, and e-liquid cartridges.

Cost of Sales

Our cost of sales was \$7,910 for the three months ended March 31, 2015, compared to \$0 cost of sales for the three months ended March 31, 2014. The increase is due to increased sales of electronic cigarettes or "e-cigs", e-cig attachments, customizable devices, and e-liquid cartridges.

Operating Expenses

Our operating expenses increased by \$14,568 to \$19,785 for the three months ended March 31, 2015 from \$5,217 for the three months ended March 31, 2014. The increase in expenses is primarily due to increased professional fees and other expenses related to our reporting requirements as a public company.

Net Loss

We recorded a net loss of \$16,325 for the three months ended March 31, 2015, as compared with a net loss of \$5,217 for the three months ended March 31, 2014. The increase in net loss can mainly be attributed to increased professional fees.

Liquidity and Capital Resources

Cash Flows

Cash Used In Operating Activities

For the three months ended March 31, 2015 we used \$23,435 for operating activities. Our increase in inventory for the three months ended March 31, 2015 was the main contributing factor for our negative operating cash flow.

Cash from Investing Activities

none

Cash from Financing Activities

We generated \$20,000 in cash from advances from a related party.

On March 10, 2015, the Company executed a Consolidated Loan Agreement for \$20,000 to West Coast Vape Supply, Inc. The note is non-interest bearing, payable on demand and is due no later than March 10, 2020. As of March 31, 2015, this loan is still outstanding.

As of March 31, 2015, 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 \$46,423 as of March 31, 2015. 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

None

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. 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.

-10-

[Table of Contents](#)

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, 2015, 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 March 31, 2015 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

-11-

[Table of Contents](#)**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

There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2014.

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.

-12-

[Table of Contents](#)**Item 6. Exhibits.**

Exhibit No.	Description
3.1	Certificate of Incorporation (1)
3.2	By-laws (1)
31.1	Certification of the Company's Principal Executive and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's report on Form 10-Q for the period ended March 31, 2015 (2)
32.1	Certification of the Company's Principal Executive and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (2)
101.INS	XBRL Instance Document (3)
101.SCH	XBRL Taxonomy Extension Schema (3)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (3)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (3)
101.LAB	XBRL Taxonomy Extension Label Linkbase (3)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (3)

- (1) Filed as an exhibit to the Company's Registration Statement on Form 10, as filed with the SEC on July 3, 2013, and incorporated herein by this reference.
- (2) Filed herewith.
- (3) Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or Annual Report for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Exchange Act of 1934 and otherwise are not subject to liability.

-13-

[Table of Contents](#)

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: May 15, 2015

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