10-Q 1 vapetekq3.htm FORM 10-Q

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, 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	**46-3021464**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
VAPETEK Inc. **5445 Oceanus Driver STE 102** **Huntington Beach, CA 92649**	**92647**
(Address of Principal Executive Offices)	(Zip Code)

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

Former Address: 7611 Slater Avenue, Unit H, Huntington Beach, CA
(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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

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 18, 2015 the issuer had 54,150,000 shares of its common stock issued and outstanding.

TABLE OF CONTENTS

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VAPETEK INC.
CONDENSED BALANCE SHEETS

	September 30, 2015	December 31, 2014
ASSETS	(unaudited)	
Current assets:		
Cash	$ 19,850	$ 4,905
Prepaid	3,650	-
Inventory, net	22,319	1,871
Total current assets	45,819	6,776
Computer, net	550	825
Total assets	$ 46,369	$ 7,601
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ -	$ 1,181
Due to related parties	39,500	23,158
Accrued rent – related party	9,660	5,635
Deferred revenue	15,863	2,225
Total current liabilities	65,023	32,199
Total liabilities	65,023	32,199
Stockholders' deficit:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized; none issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	-	-
Common stock, $0.0001 par value, 100,000,000 shares authorized; 54,050,000 and 6,250,000 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	5,405	625
Additional paid-in capital	49,695	4,875
Accumulated deficit	(73,754)	(30,098)
Total stockholders' deficit	(18,654)	(24,598)
Total liabilities and stockholders' deficit	$ 46,369	$ 7,601

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

Table of Contents

VAPETEK INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Sales	$ -	$ 3,690	$ 2,610	$ 3,690
Sales – related party	10,395	11,907	37,065	21,257
Total sales	10,395	15,597	39,675	24,947
Cost of sales	1,129	14,223	22,758	22,723
Gross Margin	9,266	1,374	16,917	2,224

Operating expenses:				
Professional fees	5,049	5,275	37,187	12,486
General and administrative	8,683	1,080	23,386	1,825
Total operating expenses	13,732	6,355	60,573	14,311
Net loss	$ (4,466)	$ (4,981)	$ (43,656)	$ (12,087)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Basic and diluted weighted average common shares outstanding	52,461,304	6,250,000	35,685,311	4,986,264

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

Table of Contents

VAPETEK INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net Loss	$ (43,656)	$ (12,087)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	275	183
Stock-based compensation - related party	4,470	4,000
Changes in operating assets and liabilities:		
Increase in prepaid	(3,650)	-
Increase in inventory	(20,448)	(7,772)
Decrease in accounts payable and accrued liabilities	(1,181)	(633)
Increase in accrued rent – related party	4,025	-
Increase in deferred revenue	13,638	-
Net cash used in operating activities	(46,527)	(16,309)
Cash flows from investing activities:		
Purchase of fixed assets	-	(1,100)
Net cash used in investing activities	-	(1,100)
Cash flows from financing activities:		
Loans from related party	30,000	23,158
Repayment of related party loans	(13,658)	
Proceeds from the sale of common stock	45,130	-
Net cash provided by financing activities	61,472	23,158
Net increase in cash	14,945	5,749
Cash, beginning of period	4,905	-
Cash, end of period	$ 19,850	$ 5,749
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

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

Table of Contents

VAPETEK INC.
NOTES TO UNAUDITED CONDENDSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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.

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 condensed 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 unaudited condensed 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/A filed on July 9, 2015. The results of the nine months ended September 30, 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 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. There were no cash equivalents as of September 30, 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 and nine months ended September 30, 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 September 30, 2015 and December 31, 2014, the Company has $17,363 and $1,871 of finished goods inventory on hand, respectively, as well as $4,956 of work in process at September 30, 2015.

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, which is currently three years.

Table of Contents

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 $37,065 and $21,257 in revenue from West Coast Vape Supply, a related party, for the nine months ended September 30, 2015 and 2014, respectively. This revenue consisted of approximately 93.4% of the Company's total sales in the current year. Sales made to West Coast Vape Supply are not recognized unless they are then sold on to a third party in an arm's length transaction.

On occasion the Company may receive payment for a sale in advance of shipping the product. When this occurs the funds received are considered to not yet be earned and are reported as a liability on the financial statements as deferred revenue.

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 accounts for shipping costs in accordance with ASC 605-45 Principle Agent Consideration. Accordingly, the shipping costs is shown in the financial statements to be included with general and administrative expense.

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. Fulfillment errors are minimal and not considered to have a material impact to the financial statements.

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 July 2015 the FASB issued Accounting Standards Update No. 2015-11, Inventory (Topic 330), Simplifying the Measurement of Inventory applies to all inventory except that which is measured using last-in, first-out (LIFO) or the retail inventory method. Inventory measured using first-in, first-out (FIFO) or average cost is included in the new amendments. The amendments will take effect for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of adoption on the Company's financial statements

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.

Table of Contents

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 September 30, 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.

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. The loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. As of September 30, 2015, this loan is still outstanding.

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 September 30, 2015 and December 31, 2014, the Company has a payable to MEWE in the amount of $9,660 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. The loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. This loan was repaid in full as of September 30, 2015.

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. The loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. As of September 30, 2015, this loan is still outstanding.

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. This loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. As of September 30, 2015, this loan is still outstanding.

Table of Contents

On April 17, 2015, West Coast Vape Supply loaned the Company $5,000 for general operating expenses. The loan is unsecured, non-interest bearing, payable on demand, and due no later than April 17, 2020. As of September 30, 2015, this loan is still outstanding.

On June 1, 2015, the Company entered into a Lease Agreement ("Lease") with West Coast Vape Supply, Inc. ("West Coast") a company owned 100% by the Company's management. The term of the lease is one year commencing June 1, 2015 and ending March 31, 2017. The Company shall pay West Coast rent of $26,400 per year in equal monthly installments of $2,200 payable in advance on the 1st of every month.

On July 17, 2015, West Coast Vape Supply loaned the Company $5,000 for general operating expenses. The loan is unsecured, non-interest bearing, payable on demand, and due no later than April 17, 2020. As of September 30, 2015, this loan is still outstanding.

The Company recognized $10,395 and $37,065 in revenue from West Coast Vape Supply, a related party for the three and nine months ended September 30, 2015, respectively. For the three and nine months period ended September 30, 2014, the revenue from West Coast Vape Supply were $11,907 and $21,257, respectively. This revenue consisted of approximately 93% and 85% of the Company's total sales for the period ended September 30, 2015 and 2014, respectively.

NOTE 4. STOCKHOLDERS' DEFICIT

The Company is authorized to issue 100,000,000 shares of $.0001 par value common stock. As of September 30, 2015 and December 31, 2014, 54,050,000 and 6,250,000 shares were issued and outstanding, respectively.

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.

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. The shares were issued at par value for total non-cash expense of $4,130.

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. The shares were issued at par value for total non-cash expense of $10.

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. The shares were issued at par value for total non-cash expense of $20.

On April 24, 2015 the Company issued to thirteen individuals related to the Company's Officers/Directors a total of 3,100,000 shares of restricted common stock for total non-cash expense of $310. The shares were issued in exchange for advice and suggestions on how to further develop the Company.

During the nine months ended September 30, 2015, the Company issued 1,800,000 shares of common stock for total cash proceeds of $45,000.

NOTE 5. COMMITMENTS AND CONTINGENCIES

On June 1, 2015, the Company entered into a Lease Agreement ("Lease") with West Coast Vape Supply, Inc. ("West Coast") a company owned 100% by the Company's management. The term of the lease begins June 1, 2015 and ending March 31, 2017. The Company shall pay West Coast rent of $26,400 per year in equal monthly installments of $2,200 payable in advance on the 1st of every month. Future minimum rental payments are as follows:

Years ending December 31,		
2015	$	15,400
2016		26,400
2017		6,600
	$	48,400

NOTE 6. 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 $73,754 as of September 30, 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 7. SUBSEQUENT EVENTS

On October 15, 2015, the Company issued 100,000 shares of common stock for total cash proceeds of $2,500.

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 effect 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.

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.

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.

Table of Contents

Results of operations for the three months ended September 30, 2015 and September 30, 2014.

Revenues

Our sales revenue was $10,395 for the three months ended September 30, 2015, compared to $15,597 for the three months ended September 30, 2014. Currently, approximately 100% and 76% of the revenue were from one related party for the three months period ending September 30, 2015 and 2014, respectively. The decrease in revenue is due to the deferral of the recognition of sales to the related party until sold to a third party by them.

Cost of Sales

Our cost of sales was $1,129 for the three months ended September 30, 2015, compared to $14,223 for the three months ended September 30, 2014. The decrease is due to a decrease in sales and the margin on those sales of electronic cigarettes or “e-cigs”, e-cig attachments, customizable devices, and e-liquid cartridges.

Operating Expenses

Our operating expenses increased by $7,377 to $13,732 for the three months ended September 30, 2015 from $6,355 for the three months ended September 30, 2014. The increase in expenses is primarily due to the addition of rent expense and increased professional fees and other expenses related to our reporting requirements as a public company.

Net Loss

We recorded a net loss of $4,466 for the three months ended September 30, 2015, as compared with a net loss of $4,981 for the three months ended September 30, 2014. The decrease in net loss is attributed to the decreased sales with increased operating expenses.

Results of operations for the nine months ended September 30, 2015 and September 30, 2014.

Revenues

Our sales revenue was $39,675 for the nine months ended September 30, 2015, compared to $24,947 for the nine months ended September 30, 2014. Currently, approximately 93% and 85% of the revenue were from one related party for the nine months period ending September 30, 2015 and 2014, respectively. The increase in revenue is due to furthering the Company’s business plan and is heavily relied on the related party.

Cost of Sales

Our cost of sales was $22,758 for the nine months ended September 30, 2015, compared to $22,723 for the nine months ended September 30, 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 $46,262 to $60,573 for the nine months ended September 30, 2015 from $14,311 for the nine months ended September 30, 2014. The increase in expenses is primarily due to the addition of rent expense and increased professional fees and other expenses related to our reporting requirements as a public company.

Net Loss

We recorded a net loss of $43,656 for the nine months ended September 30, 2015, as compared with a net loss of $12,087 for the nine months ended September 30, 2014. The increase in net loss can mainly be attributed to the addition of rent expense and increased professional fees and other expenses related to our reporting requirements as a public company.

Liquidity and Capital Resources

Cash Flows

Cash Used In Operating Activities

For the nine months ended September 30, 2015 and 2014 we used $46,527 and $16,309 for operating activities, respectively. In fiscal 2015, the increase in cash used in operating activities was the result from the increase in net loss, which was due to the increase in operating expenses. In fiscal 2014, the net cash used in operating activities was mainly due to the purchase of inventory and payment of professional fees was the main contributing factor for our negative operating cash flow.

Cash from Investing Activities

For the nine months ended September 30, 2015 there were no investing activities. For the nine months ended September 30, 2014 we used $1,100 to purchase fixed assets.

Table of Contents

Cash from Financing Activities

For the nine months ended September 30, 2015 and 2014, we generated $61,472 and $23,158 in cash from financing activities.

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. 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. This loan agreement has been amended to eliminate the conversion clause. All other terms remain the same.

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. This loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. As of September 30, 2015, this loan is still outstanding.

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. This loan agreement has been amended on April 1, 2015 to eliminate the conversion clause. All other terms remain the same. As of September 30, 2015, this loan is still outstanding.

On April 17, 2015, West Coast Vape Supply loaned the Company $5,000 for general operating expenses. The loan is unsecured, non-interest bearing, payable on demand, and due no later than April 17, 2020. As of September 30, 2015, this loan is still outstanding.

On July 17, 2015, West Coast Vape Supply loaned the Company $5,000 for general operating expenses. The loan is unsecured, non-interest bearing, payable on demand, and due no later than April 17, 2020. As of September 30, 2015, this loan is still outstanding.

As of September 30, 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.

Table of Contents

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 $73,754 as of September 30, 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.

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 September 30, 2015 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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.

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. The shares were issued at par value for total non-cash expense of $4,130.

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. The shares were issued at par value for total non-cash expense of $10.

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. The shares were issued at par value for total non-cash expense of $20.

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 for total non-cash expense of $310. The shares were gifted in exchange for advice and suggestions on how to further develop the Company. Thirteen individuals were gifted shares and no monies were paid for them.

During the three months ended September 30, 2015, the Company issued 1,800,000 shares of common stock for total cash proceeds of $45,000.

On October 15, 2015, the Company issued 100,000 shares of common stock for total cash proceeds of $2,500.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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 September 30, 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.

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: November 18, 2015

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