

Axxess Pharma, Inc.
1st Quarter 2015 Report
Financial Statements
Unaudited

1) Name of the issuer and its predecessors (if any)

Axxess Pharma, Inc. (hereunder as “Axxess”, the “Issuer”, or the “Company”)

Predecessor: CGI Communications Services, Inc.

On July 26, 2008, the Company amended its Certificate of Incorporation with the Delaware Secretary of State to change its name from CGI Communications Services, Inc. to Axxess Pharma, Inc.

2) Address of the issuer’s principal executive offices

Company Headquarters:

3250 Bloor Street West, suite 613
Toronto, ON
Canada, M8X 2X9
Phone: (416)-410-6006
Email: danielb@axxesspharmainc.com
Website(s): www.axxesspharmainc.com

IR Contact

Stephen Taylor
104 North Munn Ave.
Newark, NJ, 07106 Phone: (973)-351-3868
Email: stephtayl9@aol.com
Website(s):

3) Security Information

Trading Symbol: AXXE
Exact title and class of securities outstanding: common stock
CUSIP: 054631 20 5
Par or Stated Value: \$0.0001 per share (the “Common Stock”)
Total shares authorized: 150,000,000 as of: May 4, 2015
Total shares outstanding: 67,169,532 as of March 31, 2015



Additional class of securities (if necessary):

Trading Symbol: N/A

Exact title and class of securities outstanding: preferred voting shares

CUSIP: N/A

Par or Stated Value: \$0.0001 per share (the "Preferred Stock")

Total shares authorized: 20,000,000 as of May 4, 2015

Total shares outstanding: 20,000,000 as of March 31, 2015

Transfer Agent

Name: Corporate Stock Transfer, Inc.

3200 Cherry Creek South Drive, Suite 430

Denver, Colorado 80209

Phone: (303) 282-4800

Is the Transfer Agent registered under the Exchange Act? Yes: X No:

List any restrictions on the transfer of security: None except for the restrictions under the applicable securities laws.

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

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: The Company completed a 750-for-1 reverse split in April 2012.

4) Issuance History

The Company's issuances and cancellations of stock to May 8, 2015 are as follows:

Authorized Shares

On May 4, 2015, the Company amended the Articles of Incorporation to increase the authorized common shares to 150,000,000 from 100,000,000.

Common Stock

1. 25,000,000 shares of Common Stock to Blue Ivory International Holdings, Ltd. in connection with an agreement for the licensing of Drug Identification Numbers (as of July 22 2014);
2. 5,000,000 shares of Common Stock to Peter Daniel Bagi, M.D., the president of Axxess as compensation for services rendered;
3. 100,000 shares of Common Stock to Stephen Taylor for investor relations consulting services;
4. 1,000,000 shares of Common Stock to Laure Lee Bater (subsequently cancelled);
5. 500,000 shares of Common Stock to Joe Alessandro issued for consulting services;

6. 500,000 shares of Common Stock to Anslow & Jaclin, LLP for legal services rendered;
7. 2,000,000 shares of Common Stock to Merger Law Group Ltd. S.A. in connection with a consulting agreement;
8. 2,500,000 shares of Common Stock to Nicolino Alessandro issued for consulting services;
9. 750,000 shares of Common Stock to a Dino Fidani in connection with a share purchase agreement;
10. 2,000,000 shares of Common Stock to RAMM Venture Development, Inc. in connection with a share purchase agreement and consulting agreement.
11. 50,000 shares of Common Stock to Cindy Cohen for legal services rendered
12. 2,000,000 shares of Common Stock to North Drive Holdings LTD. For purchase of debt
13. 300,000 shares of Common Stock to Mike Marino in connection with share purchase agreements
14. 25,000 shares of Common Stock to Chris Palladini in connection with share purchase agreements
15. 25,000 shares of Common Stock to Michael Palladini in connection with share purchase agreements
16. 25,000 shares of Common Stock to Wayne Vincent in connection with share purchase agreements
17. 25,000 share of Common Stock to Robert Intini in connection with share purchase agreements.
18. 250,000 of Common Stock to Neil Mellor in connection with a consulting services agreement.
19. 3,225,000 shares of Common Stock to Revive Bioscience Inc. shareholders for purchase of assets (Drug registrations, patents, and formulae)
20. 750,000 shares of Common Stock to Equity Portfolio Funding LLC in connection with a Share Purchase Agreement
21. 7,000 shares of Common Stock to Ramel Shorte & Associates Inc. for investment Banking Services
22. 4,000 shares of Common Stock to Greg Traina for investment banking services
23. 4,000 shares of Common Stock to Myers Associates LP, for investment banking services
24. 100,000 shares of Common Stock to SG Business development pursuant to a consulting agreement.
25. 200,000 shares of common stock to Brian Dennis Haspel pursuant to a Share Purchase Agreement.
26. 900,000 shares of common stock to Dino Fidani pursuant to a Share Purchase Agreement
27. 80,000 shares of common stock to Ryan Jimmo for consulting services
28. 20,000 share of common stock to First Round Management for consulting services
29. 200,000 shares of common stock to Michael Marino pursuant to a Share Purchase Agreement
30. 4,000,000 shares of common stock to North Drive Holdings Ltd. Upon conversion of debt note.

31. 200,000 shares of common stock to Frank Valela pursuant to a Share Purchase Agreement
32. 2,342,170 shares of common stock to Seaside 88 LP, pursuant to Share Purchase Agreements
33. 4,000,000 shares of common stock to Ramos & Ramos Investments Inc. upon conversion of debt note.
34. 100,000 shares of common stock to Belrida Enterprises PTY LTD pursuant to a Share Purchase Agreement
35. 1,500,000 shares of common stock issued to Matthew McMurdo Esq, and subsequently **cancelled** on August 11, 2014
36. J & M Group: 50,000 shares of restricted common stock, pursuant to a consulting agreement
37. Stephen Taylor returned to treasury 50,000 shares of restricted common stock.
38. Mathew Krzesinski: 550,000 shares of restricted common shares pursuant to a sponsorship agreement
39. Peter Daniel Bagi: 5,000,000 shares of restricted common stock, to replace stock used to pay consultants
40. Blue Ivory International Holdings LTD: 12,500,000 shares of restricted common stock were returned to treasury pursuant to a convertible note.
41. Seaside 88 LP: 840,520 shares of restricted common stock pursuant to a share purchase agreement
42. Mathew Krzesinski: 50,000 shares of restricted common stock, pursuant to a sponsorship agreement
43. Pavlovich Family Trust: 1,000,000 shares of restricted common stock pursuant to a share purchase agreement
44. Ramel Shorte 50,000 shares of restricted common stock pursuant to a consulting agreement
45. ABG Tapout LLC: 500,000 shares of restricted common stock pursuant to a license agreement
46. On November 5, 2014 the Company issued 1,000,000 shares valued at \$0.19 per share to the Company Chief Executive Officer for consulting services.
47. On December 3, 2014, the Company issued 1,000,000 valued at \$0.16 in exchange for services related to a license distribution agreement.
48. On January 14, 2015, the Company Mathew McMurdo Esq, 1,000,000 shares to be held in reserve pursuant to the Beaufort loan agreement.
49. On January 21, 2015, the Company issued Beaufort Capital Partners, LLC. 200,000 shares in exchange for an extension of the secured promissory note.
50. On January 30, 2015, Core Biotech PTY, 600,000 shares, pursuant to consulting agreement.
51. On February 6, 2015 7,500,000 Reserve shares were issued to Redwood Capital LLC pursuant to a convertible note and subsequently **cancelled** on March 26, 2015.
52. On February 12, 2015, 520,833 shares were issued in exchange for the conversion of \$50,000 of convertible notes to Redwood Capital LLC.
53. On February 13, 2015, 300,000 shares were issued to Beaufort Capital Partners LLC shares in exchange for an extension of the secured promissory note.

54. On February 20, 2015, 800,000 reserve shares were issued to River North Equity LLC, pursuant to a convertible promissory note
55. On February 23, 2015 833,333 shares were issued in exchange for the conversion of \$50,000 of convertible notes to Redwood Capital LLC.
56. On February 27, 2015 833,333 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.
57. On March 12, 2015, 100,000 shares were issued to Seaside 88 LP, pursuant to an extension and waiver of liquidated damages in accordance with the share purchase agreement
58. On March 17, 2015 1,666,667 shares were issued in exchange for the conversion of \$50,000 of convertible notes to Redwood Capital LLC.
59. On March 18, 2015 65,000 shares were issued to Ramel Shorte & Associates in exchange for investment Banking Services..
60. On March 20, 2015 833,333 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.
61. On March 25, 2015 4,000,000 shares were issued in exchange for the conversion of \$40,000 of convertible notes to Ramos & Ramos Investments.
62. On April 7, 2015 3,000,000 Reserve shares were issued to pursuant to a convertible note agreement.
63. On April 16, 2015 6,000,000 shares were issued in exchange for the conversion of \$60,000 of convertible notes to Ramos & Ramos Investments.
64. On April 24, 2015 530,786 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.
65. On April 30, 2015 543,478 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.
66. On April 30, 2015 17,500,000 Reserve shares were issued to pursuant to a convertible note agreement.
67. On May 5, 2015 549,450 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.

Preferred Stock

1. 20,000,000 shares of Preferred Voting Stock to Blue Ivory International Holdings, Inc.

The above is a complete list of all of the Company's issuances of securities since its change of control in April 2012. The Company does not have a complete record of stock issuances before this time. In April 2012, after the change of control, the Company filed a Certificate of Amendment amending its Certificate of Incorporation with the Delaware Secretary of State effecting a 750-for-1 reverse split of the Company's Common Stock. As a result of this reverse split, the holders of the Company's Common Stock before the change of control occurred in April 2012 have a relatively small interest in the Company at this time.

MB

Loan Agreements:

The Company entered into a loan agreement with Beaufort Capital Partners LLC, on June 9, 2014, for proceeds of \$210,832, bearing interest at 12% per Annum.

On February 5, 2015, the Company entered into a convertible debenture with RDW Capital LLC for proceeds of \$100,000

On February 6, 2015 the Company entered into a loan agreement with River North Equity LLC for proceeds of \$75,000.

5) Financial Statements

See the Financial Statements for the quarter ended March 31, 2014 attached herewith this annual report as Exhibit A.

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

A. a description of the issuer's business operations;

Axxess, a Nevada Corporation, has in-licensed rights to manufacture and distribute several Health Canada-approved pharmaceutical and natural health products and various products under the TapouT brand, including Pain relief, Nutritional Supplements and Vitamins & Minerals.

Our Own Products

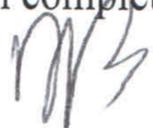
The Company intends to manufacture and distribute in Canada, the USA and other markets internationally both in retail and online the products listed below:

Soropon Medicated Shampoo

Soropon Medicated Shampoo is a treatment for both infants and adults for fungal infections of the scalp such as seborrheic dermatitis and cradle cap in infants.

There are several shampoos meant to treat similar conditions such as, Nizoral, Dan-Gard, SebCur and Polytar, all being offered in the \$20-24.00 price range. The Company plans to employ an aggressive pricing strategy to compete effectively with the other competitors in this market segment, while marketing to all the target age groups.

The Company expects to re-launch Soropon Medicated Shampoo into the Canadian market approximately six months upon completion of further financing. We cannot



guarantee that the financing will be available or available at favourable terms to the Company.

TapouT- branded Products: The Company acquired in 2013, the world-wide exclusive license from ABG-Authentic Brands for TapouT Vitamins & Minerals, Pain Relief and Certain Supplements, Protein Powder, Ready-to-Drink Protein meal replacement products in return for a royalty rate of 5%.

The TapouT-branded products include TapouT Spray Pain Relief, TapouT Pain Relief Towelettes, TapouT Hot & Cold Reusable Packs, TapouT Instant Cold Packs, TapouT Extreme Muscle Growth Supplement, TapouT Muscle Recovery Supplement, TapouT Turbo Blend Protein Powder and TapouT Omega-3 Fish Oil.

The TapouT-brand pain relief products use a patented formulation with no chemical binders, and all-natural ingredients. The Company believes this will confer a competitive advantage in the market.

The new products:

TapouT Extreme Muscle Growth and TapouT Muscle Recovery are manufactured in the US through Private Label Nutraceuticals LLC and, we offer a premium formula in keeping with the quality and natural ingredients philosophy of TapouT.

TapouT Turbo Blend Protein Powder is manufactured in the US at Private Label Nutraceuticals LLC, and offers a unique formula using organic components, added L-Carnitine, iron and fish oil, with the added benefit of being gluten-free.

TapouT Omega-3 Fish Oil: is a high-potency fish oil with a special formulation allowing it to be taken without meals.

Distribution

The Company plans to distribute its products in Canada, the US and certain international markets. The Company is currently negotiating licensing and/or distribution agreements with foreign distributors for the Sales and Marketing of some of Axxess's products in their respective territories. One example of a foreign distribution agreement is with Hard Core Beverages (HCB) of Australia for the TapouT line of products. The TapouT brand is even more recognizable in the Asia Pacific region and the company believes sales will grow quickly in the region. HCB has the rights for Australia, New Zealand, Indonesia and South Korea.

Other Products

The Company plans to add other products in the TapouT line such as, a Ready-to-Drink protein meal replacement, protein bars, and an all-natural testosterone boost in order to



meet the perceived high-demand from big-box retailers in the US and abroad, and expects to launch these products in the first half of 2015.

Manufacturing

Axxess does not, and does not intend to manufacture any products itself, rather, it uses and will continue to use FDA and/or Health Canada approved contract pharmaceutical manufacturers to manufacture its product line. The Company intends to have manufactured its own products in either Canada or the USA in cGMP facilities owned by contract manufacturers, for smooth access into more non-regulated markets overseas. Although the Company competes with other pharmaceutical companies who offer somewhat similar products, the Company believes its products offer some unique components which render its products more attractive to consumers, such as lower side-effect profile or price advantage as well as the added lustre of a recognizable brand.

The company has wholesale paid in-inventory valued at approximately \$200,000.

Patents

On September 30, 2013, the Company acquired patents on the methods used to formulate its topical pain relief formula without the use of chemical binders, from Revive Bioscience Inc. In addition, the Company and relies on other proprietary manufacturing know-how for its certain products.

B. Date and State (or Jurisdiction) of Incorporation:

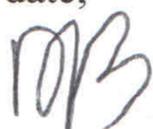
The Company was incorporated in the state of Delaware on April 7, 1997 as CGI Communications Services, Inc. On July 26, 2008, the Company amended its certificate of incorporation to change its name to Axxess Pharma, Inc. On December 6, 2012, the Company reincorporated in Nevada by merging into a newly formed Nevada entity with the same name. The Company now operates as Axxess Pharma, Inc., with Axxess Pharma Canada, Inc., as its wholly-owned subsidiary.

On October 1, 2013, the Company formed a wholly-owned subsidiary, AllStar Health Brands, Inc., under the laws of the Province of Ontario, Canada.

C. the issuer's primary and secondary SIC Codes;

Primary SIC Code: 2836-1; Secondary SIC Code: 2834-1.

D. the issuer's fiscal year end date;



The Company's fiscal year end date is December 31.

E. principal products or services; and their markets;

The Company's principal products are pharmaceutical and natural health products. The Company currently has the rights to several DINs and formulations (Drug Identification Numbers) registered with Health Canada, and intends to periodically launch some or all of these products onto the Canadian market.

7) Issuer's Facilities

The Company currently has its offices in Toronto, Canada; Aventura, Florida and Mexico City, Mexico. The Company leases the Toronto and Aventura offices certain affiliated parties.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors and Control Persons

Name	Affiliation
Peter Daniel Bagi, MD	President, Director and Control Person (holding 6,000,000 shares or 8.86 % of the Company's common stock)
Blue Ivory International Holdings LTD	12,500,000 shares representing 18.46 % of the company's common stock

Peter Daniel Bagi, MD, is an experienced pharmaceutical and biotech professional with +23 yrs. in the industry. Dr. Bagi is currently responsible for all areas of operations, while the Company secures additional financing, and currently owns 6,000,000 shares of restricted Common Stock with a two-year holding period. Dr. Bagi is also currently the sole director.

Dr. Bagi graduated from the Faculty of Medicine at the University of Monterrey, in 1990, and subsequently successfully passed the US foreign-medical graduate licensing exam in 1991. Dr. Bagi began in the Biotech industry in 1990 as the Associate Medical Director of a Canadian Biotech company, which has since undergone several name changes over the years, but is currently known as Lorus Therapeutics, and as such Dr. Bagi's responsibilities included overseeing the cancer clinical trial program in Canada, US and Mexico. During his five-yr. tenure at Lorus, Dr. Bagi was asked to participate in presentations at medical and scientific conferences to highlight the progress of its lead cancer-fighting compound: Virulizin. In addition Dr. Bagi was able to spearhead the approval of Virulizin in Mexico as a second-line treatment for metastatic pancreatic



cancer. Since Lorus was a small Biotech company, Dr. Bagi was also asked to present the scientific progress of Lorus during fund-raising efforts Lorus periodically undertook.

After leaving Lorus, Dr. Bagi freelanced as a biotech analyst at several of Toronto's brokerage firms writing reports on pharmaceutical and biotech companies the brokerages were considering investments in.

Dr. Bagi also was able to recruit World-Class Advisory Boards for several of the small biotech companies he has consulted with over the years, such as Alpha Rx.

Dr. Bagi also worked as a Business Development consultant for various small biotech companies, and was instrumental in out-licensing several medicinal products between Canadian and foreign pharmaceutical companies. One of Dr. Bagi's successful out-licensing medicines, Indaflex, a topical pain-relief product currently enjoys in excess of US\$2.5 MM in annual sales in Mexico.

Dr. Bagi's experience across several aspects of the operations of a small pharmaceutical company will serve the Company well in the execution of its Business Plan.

Consultants

Neil Mellor has over 25 years of pharmaceutical experience both in Canada and in Europe. Neil has worked for large companies such as Merck, GSK and Pfizer and has also worked with medium-sized pharma companies such as Solvay Pharma. Neil has spent the majority of his background in sales, marketing and business development and has been involved with over thirty products in numerous therapeutic areas. Neil brings a great deal of first-hand experience in commercializing products. In addition, during 2008 Neil was President of the Canadian Healthcare Licensing Association (CHLA) and currently serves as a CHLA Board member. Neil has two daughters and lives in Markham, just north of Toronto.

Stephen Taylor is a consultant of the Company. He provides consulting services to the Company with respect to investor relations.

Mr. Taylor currently holds 50,000 shares of restricted Common Stock of the company.

Stephen Taylor, 43, Chief Executive Officer and President of Taylor Capitol, Inc., has provided Investor Relation services for 12 years with a prior background in equity research and investment banking in the Wall Street area. Stephen Taylor possesses a deep network of connections in the investment community. This network ranges from retail brokers, fund managers, wealth managers, Wall Street analysts, investment bankers, private equity firms and senior level management consultants.



Carrollton Partners, LLC. Rick Leimbach, Principal, has extensive experience working with reporting issuers and is a consultant providing assistance with reporting matters.

Russ Greenberg: National Sales Director, over 18 years experience in regional and national sales and marketing with great rapport and relationship building and skills, successfully taking companies to the next level which make me a valuable asset to grow business with high values on rapport building and creative thinking outside the box, and integrity for consumer products, Sports, Nutrition, Dietary Supplement, mainstream marketplace and developing brands.

Ramel Shorte: financial consultant has been retained to assist the company with its ongoing financing efforts

B. Legal or Disciplinary History

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

C. Beneficial Shareholders

The following table sets forth certain information with respect to the beneficial ownership of our securities by each major of the outstanding common stock and preferred stock of the Company as of February 21, 2014.

Common Stock

Name	Number of Shares Beneficially Owned	Percent of Class (1)
Peter Daniel Bagi, MD	6,000,000	7.90%

PDB

All Executive Officer and Director as a group (1 persons)	6,000,000	7.90%
Blue Ivory International Holding, Ltd.(2)	12,500,000	16.46%

(1) Based on 75,943,222 shares of Common Stock outstanding as of May 8, 2015.

(2) Alan Cole is President of Blue Ivory International Holding, Inc. and has voting and dispositive control of the shares owned by Blue Ivory International Holding, Inc.

Preferred Voting Stock

Name	Number of Shares Beneficially Owned	Percent of Class (1)
Blue Ivory International Holding, Ltd. (2)	20,000,000	100%

(1) Based on 20,000,000 shares of Preferred Voting Stock outstanding as of February 21, 2014.

(2) Alan Cole is President of Blue Ivory International Holding, Inc. and has voting and dispositive control of the shares owned by Blue Ivory International Holding, Inc.

Listed Address: Peter Daniel Bagi, M.D. President
Axxess Pharma Inc.
3250 Bloor Street West, suite 613
Toronto, ON, M8X 2X98
Canada

Listed Address: Blue Ivory Holdings, Ltd.
Alan Cole, Director
303 Shirley Street
P.O. Box N-492
Nassau, The Bahamas

D. No broker or dealer or any associated person is affiliated, directly or indirectly with the issuer.

9) Third Party Providers

Legal Counsel

Gregg E. Jaclin, Esq., Partner
Szaferman Lakind Blumstein & Blader, P.C., as the Company's corporate and securities counsel.
101 Grovers Mill Road, Suite 200
Lawrenceville, NJ 08648
Phone: (609) 275-0400
Email: gjaclin@szaferman.com



Accountant or Auditor

Steven Rosenberg, CA
Rosenberg Smith & Partners LLP
2000 Steeles Ave West
Suite 200, Concord, ON
Canada. L4K 3E9
Phone: (905) 695-3565
Email: srosenberg@rsp.ca

KLJ & Associates, LLP
Kent L. Jensen CPA, CFE, Managing Partner
1107 Brunswick HBR
Schaumburg, IL 60193-4210
Phone: 630-277-2330

The Company's financial statements included in this Quarterly Report are not audited. However, KLJ & Associates, LLP has been retained by the Company to perform audits on the Company's financial statements.

Investor Relations Consultant

Name: Stephen Taylor
Firm: Taylor Capital, Inc
Address: 104 North Munn Ave., Newark, NJ, 07106
Phone: (973) 351-3868
Email: stephtayl9@aol.com

Other Advisors

N/A

10) Issuer Certification

I, Peter Daniel Bagi, M.D., certify that:

1. I have reviewed this Quarterly Report of Axxess Pharma, Inc.
2. Based upon my knowledge, this disclosure statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement fairly present in all



material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: May 20, 2015

s/ Peter Daniel Bagi

A handwritten signature in black ink, appearing to read "P. D. Bagi". The signature is written in a cursive, flowing style with some loops and flourishes.

Peter Daniel Bagi
President

EXHIBITS

Designation
Exhibit A

Description
Financial Statements

MP3

Exhibit A

Financial Statements

MS

AXXESS PHARMA INC. & SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Report
For the Quarter Ended
March 31, 2015 and 2014

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AXXESS PHARMA, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
ASSETS		
Current Assets		
Cash	\$ 23,618	\$ 8,621
Accounts receivable	23,876	20,277
Inventory	213,253	202,379
Prepaid expenses and other	2,662	10,419
TOTAL CURRENT ASSETS	263,408	241,696
INTANGIBLE ASSETS, Net	211,538	216,788
TOTAL ASSETS	\$ 474,946	\$ 458,484
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 671,687	\$ 576,776
License fee payable	1,750,000	1,625,000
Related party payable	1,034,557	1,024,872
Convertible notes payable - net of original issue discount and warrant feature	284,395	210,003
Notes payable	843,109	844,557
Derivative liabilities	288,491	158,520
Notes payable - related party		
TOTAL CURRENT LIABILITIES	4,872,239	4,439,728
LONG-TERM LIABILITIES		
License fee payable	3,250,000	3,375,000
TOTAL LONG-TERM LIABILITIES	3,250,000	3,375,000
TOTAL LIABILITIES	8,122,239	7,814,728
STOCKHOLDERS' EQUITY		
Preferred stock \$0.0001 par value: 20,000,000 Authorized shares: 20,000,0000 shares issued and outstanding	2,000	2,000
Common Stock, \$0.0001 par value: 150,000,000 and 100,000,000 Authorized shares: 67,169,532 and 57,217,033 issued and outstanding shares at March 31, 2015 and December 31, 2014, respectively	6,717	5,722
Stock subscription receivable		
Additional paid-in capital	22,050,497	21,594,192
Other comprehensive income (loss)	98,413	99,111
Retained earnings	(29,804,920)	(29,057,269)
TOTAL STOCKHOLDERS' DEFICIT	(7,647,293)	(7,356,244)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 474,946 \$ 458,484

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

AXXESS PHARMA, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
SALES	\$ 20,113	\$ 4,993
COST OF SALES	4,075	3,495
GROSS PROFIT	16,038	1,497
GENERAL & ADMINISTRATIVE EXPENSES		
Professional fees	20,000	16,750
Office	22,300	23,510
Stock based compensation	106,750	152,513
Management fees	18,932	13,614
Consulting	71,154	30,000
Advertising	66,665	13,273
Travel and related	21,864	13,969
Royalty fees	19,375	23,273
Amortization of license fee	25,250	5,935
Other	8,637	68,160
	380,927	360,997
NET LOSS FROM OPERATIONS	(364,889)	(359,500)
OTHER INCOME/(EXPENSE)		
Change in fair value of derivative liability	(129,971)	-
Financing costs	(10,800)	-
Amortization of warrant feature of convertible debenture	(43,315)	-
Financing costs penalties and liquidated damages	(118,757)	-
Foreign currency loss	6,423	-
Interest expense	(86,342)	(20,361)
TOTAL OTHER ITEMS	(382,762)	(20,361)
NET LOSS BEFORE INCOME TAXES	(747,651)	(379,861)
INCOME TAX EXPENSE	-	-
NET LOSS	(747,651)	(379,861)
OTHER COMPREHENSIVE INCOME	(698)	-
NET LOSS & COMPREHENSIVE INCOME	\$ (748,349)	\$ (379,861)
Basic & Diluted earnings per share	\$ (0.01)	\$ (0.01)
Weighted average basis & diluted shares outstanding	59,483,597	57,476,141

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

AXXESS PHARMA, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2015	2014
OPERATING ACTIVITIES		
Net loss	\$ (747,651)	\$ (349,861)
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock issued for services	-	121,475
Stock option expense	106,750	31,038
Amortization of license fee	5,250	-
Amortization of original issue discount interest	31,830	-
Amortization of financing costs	7,750	-
Amortization of warrants issued in connection with notes payable	43,315	-
Change in derivative liability	129,971	-
Debt financing cost/liquidated damages	110,500	-
Changes in operating assets and liabilities:		
Accounts receivable	(3,599)	(4,283)
Inventory	(10,874)	(3,187)
Prepaid expenses and other assets	7	10
Accounts payable & accrued liabilities	49,904	20,212
Accrued interest payable	45,009	-
Net cash (used) by operating activities	<u>(231,838)</u>	<u>(184,596)</u>
INVESTING ACTIVITIES		
Investment in acquired assets	-	-
Net cash (used) by investing activities	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Issuance of common stock	-	175,000
Proceeds from convertible notes payable	247,533	-
Proceeds from notes payable, related party	-	19,014
Net cash provided by financing activities	<u>247,533</u>	<u>194,014</u>
Effect of foreign currency translation	(698)	48,080
NET INCREASE IN CASH	14,996	57,498
CASH		
Beginning of year	8,621	5,061
End of year	<u>\$ 23,618</u>	<u>\$ 62,559</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
NON-CASH ACTIVITY		
Conversion of debt to equity	\$ 240,000	\$ -

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

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NOTE 1—THE COMPANY AND BASIS OF PRESENTATION

Nature of operations

Axxess Pharma, Inc. was incorporated in the state of Delaware on April 7, 1997 as CGI Communications Services Inc. On July 26, 2008, the Company amended its certificate of incorporation to change its name to Axxess Pharma, Inc. On December 6, 2012 the Company reincorporated in Nevada by merging into a newly formed Nevada entity with the name Axxess Pharma, Inc. The Company now operates as Axxess Pharma, Inc. with Axxess Pharma Canada, Inc. and Allstar Health Brands Inc. as its wholly owned subsidiaries.

Axxess Pharma Canada, Inc. was incorporated under the Laws of the Province of Ontario. The Company is engaged in the acquisition of Drug Identification Numbers and the eventual sale of the related products. All Star Health Brands Inc. was incorporated on October 1, 2013 under the Laws of the Province of Ontario. The Company is engaged in the acquisition of Drug Identification Numbers and the eventual sale of the related products

The consolidated financial statements included the results of Axxess Pharma Inc. Axxess Pharma Canada and its wholly owned subsidiary Allstar Health Brands Inc. All intercompany accounts have been eliminated during consolidation.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Company's most significant areas of estimation and assumption are:

- determination of the appropriate amount and timing of markdowns to clear unproductive or slow-moving retail inventory and overall inventory obsolescence
- estimation of future cash flows used to assess the recoverability of long-lived assets
- estimation of estimated fair value of the equity instruments

Cash and Cash Equivalents

All short-term investments with original maturities of three months or less at date of purchase are considered cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. The Company maintains their cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. The Company also maintains a certain amount of cash on hand at the retail store locations. The Company has not experienced any significant losses with respect to its cash. At both March 31, 2015 and December 31, 2014, the Company did not exceed the insured limit of a depository institution.

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Accounts receivable

The Company considers the entire accounts receivable to be fully collectible. The accounts receivable consist of trade receivable to wholesale customer. Management believes all receivables are fully collectible and therefore no allowance for bad debt has been recorded as of March 31, 2015 and December 31, 2014.

Inventory

Inventory consists of finished product acquired for resale and is valued at the lower-of-cost-or-market with cost determined on a specific item basis.

Fair value of financial instruments

The carrying amounts reported in the balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate their fair values based on the short-term maturity of these instruments. The carrying amount of the Company's promissory note obligations approximate fair value, as the terms of these notes are consistent with terms available in the market for instruments with similar risk.

We account for our derivative financial instruments, consisting solely of certain stock purchase warrants that contain non-standard anti-dilutions provisions and/or cash settlement features, and certain conversion options embedded in our convertible instruments, at fair value using level 3 inputs. We determine the fair value of these derivative liabilities using the Black-Scholes option pricing model when appropriate, and in certain circumstances using binomial lattice models or other accepted valuation practices.

When determining the fair value of our financial assets and liabilities using the Black-Scholes option pricing model, we are required to use various estimates and unobservable inputs, including, among other things, contractual terms of the instruments, expected volatility of our stock price, expected dividends, and the risk-free interest rate. Changes in any of the assumptions related to the unobservable inputs identified above may change the fair value of the instrument. Increases in expected term, anticipated volatility and expected dividends generally result in increases in fair value, while decreases in the unobservable inputs generally result in decreases in fair value.

Foreign Currency Transactions

The Company's functional currency is the Canadian dollar and the reporting currency is the U.S. dollar. Assets and liabilities are translated from the functional to the reporting currency at the exchange rate in effect at the balance sheet date and equity at the historical exchange rates. Revenue and expenses are translated at rates in effect at the time of the transactions. Resulting translation gains and losses are accumulated in a separate component of stockholders' equity - other comprehensive income (loss). Realized foreign currency transaction gains and losses are credited or charged directly to operations.

Intangible Assets

Intangible Assets consist primarily of licensing as it relates to Drug Identification Numbers (DINs), which is calculated on a straight-line basis over the estimated useful lives, generally estimated, to be ten years. The carrying value of the DINs is assessed for impairment annually during the fourth quarter of each year, or more frequently if impairment indicators exist. Other intangible assets consist of websites, trademarks, domain names etc. and are amortized over estimated useful lives

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Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on undiscounted cash flows. If long-lived assets are impaired, an impairment loss is recognized and is measured as the amount by which the carrying value exceeds the estimated fair value of the assets. The estimation of future undiscounted cash flows from operating activities requires significant estimates of factors that include future sales growth and gross margin performance. Management believes they have appropriately determined future cash flows and operating performance; however, should actual results differ from those expected, additional impairment may be required.

Cost of sales

Cost of sales of approximately \$4,075 and \$3,495 for the three months ended March 31, 2015 and 2014, respectively; consist primarily of merchandise costs of sales.

Revenue recognition

The Company derives revenues from sale of merchandise and upon the following: (1) there is persuasive evidence that an arrangement exists; (2) delivery has occurred or services have been rendered, (3) the seller's price to the buyer is fixed or determinable, and (4) collectability is reasonably assured.

Advertising / Marketing

Advertising costs are charged to expense when incurred. The Company's advertising method is primarily print, web based and word of mouth. Advertising / marketing costs were approximately \$66,665 and \$13,273 for the three months ended March 31, 2015 and 2014, respectively.

Stock-based compensation

The Company records stock based compensation in accordance with the guidance in ASC Topic 505 and 718, which requires the Company to recognize expenses related to the fair value of its employee stock option awards. This eliminates accounting for share-based compensation transactions using the intrinsic value and requires instead that such transactions be accounted for using a fair-value-based method. The Company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

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

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Comprehensive Income

ASC Topic 220, "Comprehensive Income", establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive Income consists of foreign currency translation.

Recent Accounting Pronouncements

In May 2014, the FASB amended the ASC and created Topic 606, Revenue from Contracts with Customers, to clarify the principles for recognizing revenue. This guidance will be effective for the Company beginning January 1, 2017 and must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. We have not yet determined the effects of this new guidance on our financial statements.

In August 2014, the FASB issued a new U.S. GAAP accounting standard that provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new accounting standard requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. The new accounting standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company does not expect the adoption of this standard to have a material impact on the consolidated financial statements.

ASU No. 2015-03, "Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs." The amendments in this update require the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal periods. Early adoption of the amendments in this update is permitted for financial statements that have not been previously issued. The Company intends to adopt this requirement in 2016, and currently anticipates that the impact of adoption will solely be a reclassification of its deferred financing costs from asset classification to contra-liability classification.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company currently has limited working capital, and has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

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NOTE 4 – INTANGIBLE ASSETS

DINs License Agreement

The Company licensed certain patents from Blue Ivory, Inc. in connection with a 2010 agreement, which is being capitalized and amortized by straight-line methods over estimated useful lives of ten years. The Company agreed to a \$5,000,000 license fee payable in quarterly installments of \$125,000 payable over a ten-year period. Based upon a review of the assets during the year ended December 31, 2013, the Company determined that there was a material impairment of DIN's license agreement and recorded an impairment of \$4,875,000. The Company intends to pursue opportunities with the license agreement upon acceptable funding to pursue the business model.

TapouT Muscle Recovery Patent and License Tradename

The Company acquired patent and product licenses, trademarks and patents in TapouT Muscle Recovery products (see Note 10).

The components of our other intangible assets at March 31, 2015 are summarized below:

Other Intangible Asset Class	Cost	Acquisition	Impairment	Accumulated Amortization	Net Carrying Amount	Weighted- Average Amortization Period
Drug Identification Numbers (DINs) patent rights	\$ 224,723	\$ 5,000,000	\$ (5,000,000)	\$ (53,400)	\$ 171,323	10.0 years
Tapout Muscle Recovery patent and license and tradename	40,000	3,096,000	(3,096,000)	-	40,000	Indefinite
Total other intangible assets	\$ 264,723	\$ 8,096,000	\$ (8,096,000)	\$ (53,400)	\$ 211,323	10.0 years

Amortization expense recognized in the amount of \$5,250 for the three months ended March 31, 2015 and 2014.

The expected future annual amortization expense for each of the next five years based on current balances of our intangible assets is as follows:

For the year ending December 31:	
2015	\$ 21,000
2016	\$ 21,000
2017	\$ 21,000
2018	\$ 21,000
2019	\$ 21,000

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NOTE 5—NOTES PAYABLE

Notes payable at March 31, 2015 and 2014 are summarized as follows:

	March 31, 2015	December 31, 2014
Canadian Heritage, Ltd.	\$ 72,404	\$ 38,765
Ramos & Ramos Investments, Inc.	376,533	428,046
RDW Capital, net of original discount interest of \$4,246	95,754	-
18 River North	75,000	-
Beaufort	105,000	250,000
Ramm Ventures Development, Inc.	98,418	107,746
Other	20,000	20,000
	<u>843,109</u>	<u>844,557</u>
Current Portion	<u>843,109</u>	<u>844,557</u>
Total Non-Current	<u>\$ -</u>	<u>\$ -</u>

Canadian Heritage Ltd.

The Company entered into a note payable with Canadian Heritage Ltd. The loan is not interest bearing and cannot be called prior to January 1, 2015. The balances of the note payable as of March 31, 2015 and December 31, 2014 is \$74,404 and \$38,765, respectively.

Ramos and Ramos Investments, Inc.

On October 25, 2010, the Company entered into a note payable with Ramos and Ramos Investments Inc. The note bears interest at a 7% per annum interest rate. The note matures December 31, 2014. The holder of the note has the right to convert the full or any portion of the principal and accrued but unpaid interest into shares of common stock.

The Company entered into a note payable with maximum lending amount of \$500,000 with Ramos and Ramos Investments Inc. a maximum of lending amount of \$500,000 could be advanced within the first six months of the note. The note bears interest at a 12% per annum interest rate. The note cannot be paid off in full before January 1, 2015 or the completion of a public offering by the Company. In the event of default of the repayment, the note shall automatically be converted to shares of the Company's common stock at the price of \$0.001 per share. The holder of the note has the right to convert the full or any portion of the principal and accrued but unpaid interest into shares of common stock. In February 2015, the Company repaid \$100,000 and in March 2015, \$40,000 was converted to Company common stock at \$.10 per share.

RDW Capital, LLC.

On February 5, 2015, the Company entered into a note payable with RDW Capital, LLC. The note \$100,000 includes \$5,000 of original issuance discount and bears interest at a 10% per annum interest rate. The note matures on February 5, 2016 and is secured by 2,500,000 shares of Company common stock. The note is convertible into the Company's common stock at an initial conversion price at 65% of the volume-weighted averages during the 20 days before the issue date.

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RDW Capital, LLC. (continued)

On February 23, 2015, the Company entered into a note payable with RDW Capital, LLC. The agreement exchanged notes of \$200,000 bears interest at a 10% per annum interest rate. The note matures on February 23, 2016 and is secured by 7,500,000 shares of Company common stock. The note is convertible into the Company's common stock at an initial conversion price at 65% of the volume-weighted averages during the 20 days before the issue date. As of March 31, 2015, the entire note payable has been converted to Company common stock.

18 River North Equity, LLC.

On February 17, 2015, the Company entered into a note payable with River North Equity, LLC. The note \$75,000 and bears interest at a 6% per annum interest rate. The note matures on February 17, 2016 and is secured by 800,000 shares of Company common stock. The note is convertible into the Company's common stock at an initial conversion price at 65% of the volume-weighted averages during the 20 days before the issue date.

Beaufort

On June 9, 2014, the Company issued Beaufort a secured promissory note in the principal amount of \$250,000. The promissory note matures six months from the date the Company receives the full amount of the Note on January 24, 2015. The agreement was amended on January 20, 2015 and February 13, 2015 as described in the subsequent footnote. The note bears interest at 1% per month compounded monthly.

On January 20, 2014 and February 13, 2014, Beaufort Capital Partners, LLC was repaid \$125,000 of the note payable and the remaining is to be paid on the 15th of each month at \$20,000 per month plus \$5,000 penalty per month until paid in full.

RAMM Ventures Development, Inc.

On October 3, 2013 the Company entered into a \$200,000 note payable with RAMM Venture Developments Inc. The note bears interest at 12% annually. The earliest the note can become due and payable is December 31, 2014 if private placement funds are received at which time the note repayment can be accelerated. In the event of default of the repayment, the note shall automatically be converted to shares of the Company's common stock at the price of \$0.001 per share. The Note is secured by 5,000,000 shares of the Company's Common Stock personally owned by the Company's CEO.

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NOTE 6—NOTES PAYABLE –RELATED PARTY

Notes payable related party at March 31, 2015 and December 31, 2014 are summarized as follows:

	March 31, 2015	December 31, 2014
Shareholders loans payable	\$ 34,557	\$ 24,872
Blue Ivory Holdings, Inc.	1,000,000	1,000,000
	<u>1,034,557</u>	<u>1,024,872</u>
Current Portion	1,034,557	1,024,872
	<u> </u>	<u> </u>
Total Non-Current	<u>\$ -</u>	<u>\$ -</u>

Shareholder Loans payable

The Company entered into loans payable with shareholders for general working capital purposes. The loan from stockholders is non interest bearing and due on demand. The balances of the note payable as of March 31, 2015 and 2014 are \$34,557 and \$24,872, respectively.

Blue Ivory Holdings, Inc.

On August 4, 2014, the Company issued Blue Ivory Holdings, Inc. a note payable in the amount of \$1,000,000 in exchange for the return and cancellation of 12,500,000 shares of the Company's stock issued as collateral under a license agreement. The Note matures one year from the date of the Note. The note bears interest at 10% annually.

NOTE 7 – CONVERTIBLE PROMISSORY NOTES PAYABLE

Convertible promissory note at March 31, 2015 and December 31, 2014 are as follows:

	2015	2014
Convertible promissory note payable	\$ 312,500	\$ 312,500
Original issuance discount, net of amortization of \$50,760 and \$19,682 as of March 31, 2015 and December 31, 2014, respectively	(11,741)	(42,818)
Warrant feature, net of amortization of the \$70,749 and \$27,433 as of March 31, 2015 and December 31, 2015, respectively	(16,364)	(59,679)
Convertible promissory note payable, net	<u>\$ 284,395</u>	<u>\$ 210,003</u>

On November 4, 2014, the Company entered into a note payable with WHC Investments, LLC. The note \$312,500 includes \$62,500 of original issuance discount and bears interest at a 10% per annum interest rate. The note matures on May 4, 2015 and is secured by 3,500,000 shares of Company common stock owned by the Company's Chief Executive Officer. The note may be converted in the event that (a) the note is in default or (b) the net proceeds from the sale of collateral shares do not provide adequate coverage of all amounts due. The note is convertible into the Company's common stock at an initial conversion price at 70% of the average three daily volume weighted averages during the 20 days before the issue date.

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NOTE 7 – CONVERTIBLE PROMISSORY NOTES PAYABLE (continued)

The agreement included a detachable three (3) year warrant to purchase 1,000,000 shares of the Company's common stock at an exercise price of \$.25535 per share. The proceeds from the issuance of convertible debt securities with detachable warrants were allocated between the warrants and the debt security. The discount is being amortized over the life of the debt. The Company recorded an original issue discount of \$62,500 and amortized as interest expense over the initial six-month term of the convertible debentures. During the three months ended March 31, 2015, the Company recognized \$31,077 of interest expense as a result of the amortization.

The Company accounted for the detachable warrants included with the convertible debentures as liabilities in accordance with GAAP, as the warrants are subject to anti-dilution protection and could result in them being converted to a variable number of the Company's common shares. The Company determined the value of the derivate feature of the warrants issued during at the relevant commitment dates to be \$87,112 utilizing a Black-Scholes valuation model. The change in fair value of the liability for the warrants resulted in a reduction to the charge to income of \$27,433 during the year-end March 31, 2015. The fair value of the derivative conversion features was determined to be \$288,491 and \$188,520 at March 31, 2015 and December 31, 2014, respectively.

NOTE 8 – DERIVATIVE LIABILITY

On November 14, 2015, in conjunction with the issuance of the Convertible Promissory Note (see Note 6), the Company recognized a derivative liability on the WHC convertible debenture of \$312,500.

We evaluated the financing transactions in accordance with ASC Topic 815, Derivatives and Hedging, and determined that the conversion features within certain convertible promissory notes was not afforded the exemption for conventional convertible instruments due to its variable conversion rate. The note has no explicit limit on the number of shares issuable so they did not meet the conditions set forth in current accounting standards for equity classification. The Company elected to recognize the note under paragraph 815-15-25-4, whereby, there would be a separation into a host contract and derivative instrument. The Company elected to initially and subsequently measure the note in its entirety at fair value, with changes in fair value recognized in earnings. The derivative liability is adjusted periodically according to the stock price fluctuations. At the time of conversion, any remaining derivative liability will be charged to additional paid-in capital.

At March 31, 2015, the outstanding fair value of the derivative liabilities amounted to \$288,491.

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NOTE 9 – EQUITY

At March 31, 2015, the Company's authorized stock consists of 20,000,000 shares of \$.0001 par value preferred stock and 100,000,000 shares of \$.0001 par value common stock. The preferred stock has voting rights. The common stock has voting rights and entitle to one vote per share.

Of the 20,000,000 shares of preferred stock 20,000,000 shares are issued and outstanding as of March 31, 2015.

The following common stock transactions occurred during the period:

On January 14, 2015, the Company issued 1,000,000 shares valued at \$0.10 per share for cash pursuant to a loan agreement.

On January 21, 2015 Beaufort Partners were issued 200,000 shares in exchange for an extension of the secured promissory note.

On January 30, 2015, Core Biotech PTY, 600,000 shares pursuant to a consulting agreement.

On February 6, 2015, 7,500,000 reserve shares were issued to Redwood Capital LLC pursuant to a convertible note.

On February 12, 2015, 520,833 shares were issued to Redwood Capital LLC, for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.

On February 13, 2015, 300,000 shares were issued to Beaufort Capital Partners LLC in exchange for an extension of the secured promissory note.

On February 20, 2015, 800,000 shares were issued to River North Equity LLC, pursuant to a convertible promissory note.

On February 23, 2015, 833,333 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.

On February 27, 2015 833,333 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.

On March 12, 2015 100,000 shares were issued to Seaside 88 LP, pursuant to an extension of a share purchase agreement. On January 9, 2015, the Company entered into a side letter to the Securities Purchase Agreement with Seaside 88, LP to extend the reporting company requirement to March 30, 2015, pursuant to which the Company issued 100,000 shares to Seaside for the extension. Therefore, as of January 16, 2015 and September 30, 2014, the Company has not accrued any liquidated damages. However, if the Company does not become a reporting company by March 30, 2015, the Company will commence to accrue liquidated damages until it becomes a reporting company which may adversely affect our results of operations. The Company is currently not a reporting company as of March 20, 2015.

On March 17, 2015 1,666,667 shares were issued in exchange for the conversion of \$50,000 of convertible notes to Redwood Capital LLC.

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NOTE 9 – EQUITY (continued)

On March 18, 2015 65,000 shares were issued to Ramel Shorte & Associates shares were issued to Ramel Shorte & Associates in exchange for investment Banking Services.

On March 20, 2015 833,333 shares were issued in exchange for the conversion of \$25,000 of convertible notes to Redwood Capital LLC.

On March 25, 2015 4,000,000 shares were issued in exchange for the conversion of \$40,000 of convertible notes to Ramos & Ramos Investments.

NOTE 10 – ACQUISITION

On September 13, 2013 the Company through its wholly owned subsidiary Allstar Health Brands, entered into an assets purchase agreement with Revive Bioscience Inc. The Company acquired assets related to the distribution of Tapout Products including DINS of TapouT pain relief products as well as trademarks, website, remaining finished goods inventory of Tapout products as well customer lists and intellectual products associated with the Tapout brand name. The purchase price included \$52,000 cash used to pay-off outstanding accounts payable of Revive Bioscience as of the closing date and 6,450,000 shares of common stock valued at \$0.48 per share at the closing date of the transaction. The purchase price allocation is as follows:

Inventory	\$21,269
DINS	\$20,000
Patents	\$20,000

Based on the fair value of assets received compared to the fair market value of the consideration given the \$52,000 cash and fair value of common stock \$3,096,000 (6,450,000 at \$0.48 per share) The company recorded expenses of as excess consideration paid over fair value of assets received of \$3,079,731.

Under the terms of the agreement the seller can receive an additional 2,500,000 shares of common stock is certain private placement funding levels are reached as well as specified revenue goals related to the sale of TapouT products achieved with an eighteen months period commencing September 13, 2013.

The company is in the process of negotiation of cancelling approximately 3,250,000 shares, which has not been finalized as of the date of these financial statements.

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NOTE 11– LOSS PER SHARE

The following table presents the computations of basic and dilutive loss per share:

	2015	2014
Net Income (Loss)	\$ (747,651)	\$ (349,861)
Net income (loss) per share:		
Net income (loss) per share – basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average common shares outstanding – basic and diluted	59,483,597	57,476,141

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NOTE 12– FAIR VALUE OF FINANCIAL INSTRUMENTS

Disclosures about fair value of financial instruments, requires disclosure of the fair value information, whether or not recognized in the balance sheet, where it is practicable to estimate that value. As of March 31, 2015, the amounts reported for cash, accrued interest and other expenses, notes payables, and derivative liability approximate the fair value because of their short maturities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 established a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

We measure certain financial instruments at fair value on a recurring basis. Assets and liabilities measured at fair value on a recurring basis are as follows at March 31, 2015:

	Total	(Level 1)	(Level 2)	(Level 3)
Liabilities				
Derivative liability	288,491	-	-	288,491
Total liabilities measured at fair value	\$ 288,491	\$ -	\$ -	\$ 288,491

The following is a reconciliation of the derivative liability for which Level 3 inputs were used in determining the approximate fair value:

Beginning balance as of December 31, 2014	\$ 158,520
Fair value of derivative liabilities issued	-
Gain on change in derivative liability	129,971
Ending balance as of March 31, 2015	\$ 288,491

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NOTE 13— LICENSING AGREEMENT

Blue Ivory Holdings, Inc.

On October 1, 2012, the Company entered into a licensing agreement with Blue Ivory Holdings Inc. The Licensing agreement relates to the development, market, make, use and sell, certain drug formulations know as DINS. The terms of the agreement require a total payment of \$5,000,000 consisting of being paid quarterly payments of \$125,000 over ten year period as well as royalty payment to Blue Holdings of 5% on all net sales by the Company and a 10% royalty fee for Sublicense fees paid to Blue Ivory Holding on account of sublicenses for the sale of licensed products. The balance due on the license fee payable amounts to \$5,000,000 as of March 31, 2015 and 2014, respectively.

ABG Tapout, LLC.

On October 1, 2013, the Company entered into a license agreement with ABG Tapout, LLC to sell various products. The license term is five years through December 31, 2018 and provided the Company is not in breach of the agreement shall have the option to extend the licenses agreement for two five year terms. Pursuant to the agreement the Company must pay ABG Tapout, LLC 5% royalty on net sales, the company must also maintain certain agreed upon sales levels set out in the agreement in order to maintain the license.

In conjunction with the license agreement, ABG Tapout, LLC was issued Company common stock of 500,000 shares on October 9, 2014 and 500,000 shares on October 24, 2014 valued at \$160,000.

The initial term of the agreement provides for an annual minimum guaranteed royalty, a minimum common marketing fund and an advertising commitment of 1% of net sales. The following are the remaining annual minimum commitments required:

<u>Year</u>	<u>Royalty</u>	<u>Marketing</u>
2013	\$ 30,000	\$ 0
2014	\$ 70,000	\$ 14,000
2015	\$ 77,500	\$ 22,728
2016	\$165,000	\$ 45,455
2017	\$170,000	\$ 45,455
2018	\$175,000	\$ 45,455

NOTE 14— CONSULTING AGREEMENT

SG Business

On February 27, 2014 the Company entered into a consulting agreement with SG Business development which will perform consulting services related to distribution and marketing channels regarding the Company's nutritional supplement product lines. The contract term is a one-year period beginning January 22, 2014 and 100,000 shares were issued at a fair market value of \$30,000.

AXXESS PHARMA, INC. & SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2015 and 2014
(Unaudited)

NOTE 15 — COMMITMENTS AND CONTINGENCIES

Consulting Agreements

On July 1, 2013 the Company entered into a consulting agreement with Global Health Link Corp (“Consultants”). The Consultants will perform the duties of a Vice President of Marketing for the Company. The term of the agreement is for three years with the option of a three-year renewal. The agreement can be cancelled by either party by giving a thirty day notice. Upon signing this agreement the Company will issue to the Consultants 250,000 shares of the Company’s common stock. Once the Company receives outside investments of \$1,000,000 then the Company will begin paying the consultants \$2,000 a month. If the Company receives a cumulative amount equal to \$3,000,000 then the Company will pay the consultants a monthly fee of \$5,000.

Finally, upon the Company obtaining \$3,000,000 in external investments the Company will issue an additional 250,000 shares of the Company’s common stock to the Consultants.

Seaside Public Information Requirement

On May 19, 2014, the Company entered into a Securities Purchase Agreement with Seaside 88, LP, a Florida limited partnership, or Seaside, pursuant to which the Company will issue and sell to Seaside up to 5,000,000 shares of its common stock. Seaside is entitled to piggyback registration rights for all the shares issued or issuable under the Securities Purchase Agreement.

The Company covenants and agrees to become a reporting company under the Exchange Act, subject to the reporting requirements of Section 13 or 15(d) thereof, no later than August 19, 2014, which was three (3) months following the date of the Securities Purchase Agreement, and thereafter to file all reports required to be filed by a reporting company pursuant to Section 13 or Section 15(d) of the Exchange Act. In the event there is a delay for any reason in the Company becoming a reporting company under the Exchange Act by August 19, 2014, the Company shall pay a liquidated damage of \$20 per day until it becomes a reporting company. As of March 31, 2015, the Company has not accrued liquidated damages as a Public Information trigger has not been elected by Seaside.

NOTE 18— SUBSEQUENT EVENTS

Other than event mentioned above we evaluated all events or transactions that occurred after March 31, 2015 up through May 15, 2015 the date we issued these financial statements. During this period we did not have any other material subsequent events that impacted our financial statements.

On January 9, 2015, the Company entered into a side letter to the Securities Purchase Agreement with Seaside 88, LP to extend the reporting company requirement to March 30, 2015, pursuant to which the Company issued 100,000 shares to Seaside for the extension. Therefore, as of January 16, 2015 and September 30, 2014, the Company has not accrued any liquidated damages. However, if the Company does not become a reporting company by March 30, 2015, the Company will commence to accrue liquidated damages until it becomes a reporting company which may adversely affect our results of operations. As of May 20, 2015, the Company is currently not a reporting company and subject to liquidating damages.

In April 2015, the Company issued 6,000,000 shares in exchange for the conversion of \$60,000 of convertible notes to Ramos & Ramos Investments.

On April 6, 2015 the Company entered into a loan agreement with River North Equity LLC for proceeds of \$77,500.

In April and May 2015, the Company issued 1,623,714 shares in exchange for the conversion of \$75,000 of convertible notes to Redwood Capital LLC.

In May 2015, the Company amended the Articles of Incorporation to increase authorized common shares from 100,000,000 to 150,000,000 shares.