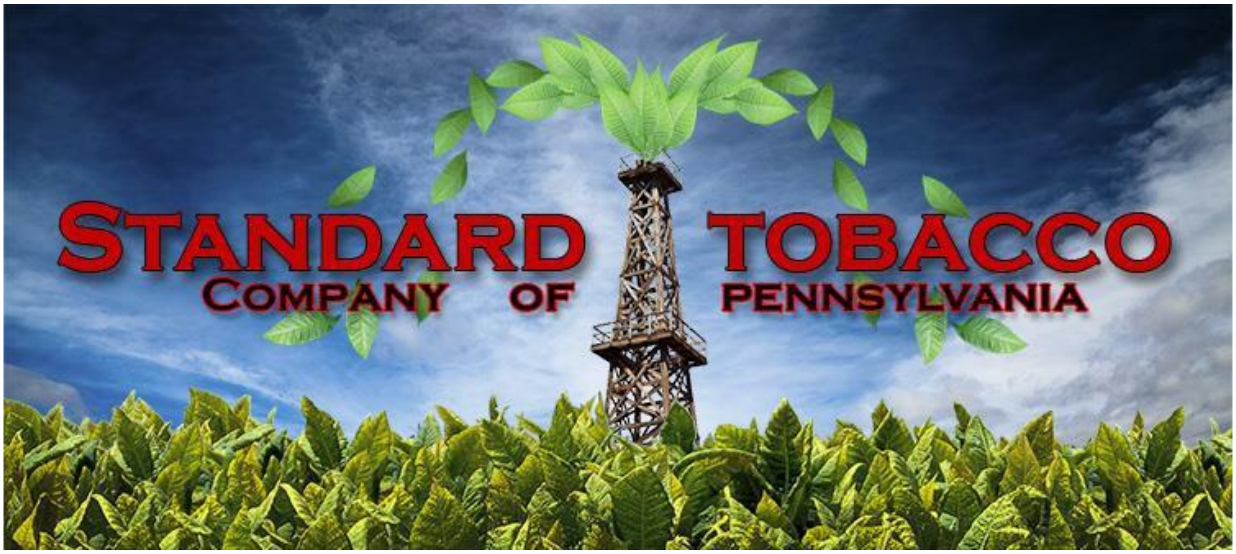
Xuan Wu International Group Holding Co.

FINANCIAL REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2018



Contents

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1. Name of the issuer and its predecessors, if any.

The name of the issuer is: Xuan Wu International Group Holding Co., Inc. There is no predecessor company.

2. Address of the issuer's principal executive offices.

Company Headquarters
C/O The Standard Tobacco Company of Pennsylvania, Ltd.
4664 Susan Drive, Bethlehem, PA 18017 United States

The issuer's telephone number is: (201) 220-8734

Website: http://www.standardtobacco.com/

3. Security Information

Exact title and class of securities outstanding: Common
CUSIP Number: 98417J109
Stated Par Value: $0.0001
Total authorized: 1,990,000,000 as of September 30, 2018
Total outstanding: 22,718,700 as of September 30, 2018
Total unrestricted: 4,966,200
Total number of shareholders: 65
Number of Beneficial Owners: 65
Security Symbol: XNWU

Exact title and class of securities outstanding: Preferred
CUSIP Number: None Stated
Par Value: $0.0001
Total Authorized: 10,000,000 as of September 30, 2018
Total outstanding: 300,000 as of September 30, 2018
Total number of shareholders: 1
Number of Beneficial Owners: 1

The Transfer agent is:
V Stock Transfer, LLC
18 Lafayette Place
Woodmere, NY 11598
Telephone: 212-828-8436
info@vstocktransfer.com

List any restrictions of on transfer of security:
List any restrictions of on transfer of security: Rule 144 on 17,842,500 restricted shares

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

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4. Issuance History

There were eleven issuances during the past two years.

Date	Shareholder	Nature of Offering	Jurisdiction	Shares offered & sold	Price offered & sold	Status	Legend	Name of control person of entity if known
12/31/17	Air Biscuit Industries Ltd.	Acquisition of Standard Tobacco	FL	380,000	0.25	Restricted	Rule 144	
12/31/17	Roger L. Fidler	Acquisition of Standard Tobacco	NJ	380,000	0.25	Restricted	Rule 144	
12/31/17	Daniel Z. Johnson	Acquisition of Standard Tobacco	PA	10,000	0.25	Restricted	Rule 144	
12/31/17	John Fruhman	Acquisition of Standard Tobacco	PA	230,000	0.25	Restricted	Rule 144	
4/25/18	Off Balance D.O.O. Beograd - Vračar	Debt Conversion	Serbia	850,000	0.001	Free Trading	None	
4/30/18	Bryce Boucher	Debt Conversion	AZ	850,000	0.001	Free Trading	None	
6/8/18	Chrysalis Management LLC	Debt Conversion	NY	850,000	0.001	Free Trading	None	
7/17/18	Cede & Co.	Debt Conversion	NY	886,200	0.001	Free Trading	None	
7/23/18	Cede & Co.	Debt Conversion	NY	850,000	0.001	Free Trading	None	
8/30/18	Daniel Z. Johnson	Stock Based Compensation	NY	90,000	0.05	Free Trading	None	
9/17/18	Drew C. Fidler	Debt Conversion	NJ	850,000	0.001	Free Trading	None	

On May 3, 2018, the Corporation filed a Certificate of Designation designating 300,000 preferred shares as Class Preferred Stock. These 300,000 shares of Class A Preferred Stock were issued to John Fruhmann and recorded as stock based compensation worth $30,000.

5. Financial Statements

The Issuer is providing consolidated financial statements for the most recent period ending September 30, 2018.

A. Consolidated Balance Sheets
B. Consolidated Statements of Operations

C. Consolidated Statements of Cash Flows; and
D. Financial Notes

These unaudited consolidated financial statements are incorporated by reference herein and attached as
Exhibit 1.

6. Issuer's Business, Products and Services.

Forward-Looking Statements
This section of the report includes a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 that reflect our current views with respect to future events and financial performance. Forward looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions. Although we believe the expectations reflected in these forward- looking statements are reasonable, such expectations cannot guarantee future results, levels of activity, performance or achievements.

Forward-looking statements included in this report and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made, other than as required by law, and we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Business operations:

On 12/13/17, the Company decided to return its Chinese wholly owned subsidiary, Xuan Wu International Group Inc., to its former owners. The Company acquired a tobacco licensing company that profits from an uptick in interest in classic pipe smoking brands.

Date; State; and Jurisdiction of Incorporation:

Xuan Wu International Group Holding Co., Inc., (the "Company") was incorporated under the laws of Nevada on December 30, 2008.

Issuer's Primary and Secondary SIC Codes;
5194 Tobacco and Tobacco Products

Fiscal Year:
The Company's fiscal year ends on December 31.

Products:
The Company markets and licenses its portfolio of bespoke pipe tobacco brands to discerning smokers both domestically and worldwide. The Company receives a royalty fee for each tobacco can sold.

Marketing Opportunity

Until the early 1980s the array of tobacco choices available to the U.S pipe smoker was fairly limited to a handful of blends manufactured by the major tobacco companies such as *Prince Albert, Mixture 79, Lane 1Q* and mass market blends such as *Captain Black* and one or two imported blends. With the extensive tobacco litigation of the early 1990s and ensuing damages awarded in those suits many of the more common European blends vanished from the U.S domestic market. With the resurgence of pipe smoking in the early 1990s which coincided with the rapid growth of the premium cigar market, there existed a vacuum in the market for quality artisan or limited production blends of pipe tobacco that differed markedly in their composition and price point from the mass marketed blends as mentioned above. Over the space of fifteen or so years as the number of pipe smokers increased and the popularity of pipe shows, and internet forums grew more specialist small batch production runs were produced by numerous blending houses to meet this increased demand. Whilst the majority of the U.S market is dominated by aromatic blends a demand also developed for more traditional pipe tobacco that harked back to the British OTC blends that were formerly available in the U.S.

We recognized early on that it was not possible to compete in this market as the manufacture and distribution of tobacco products is a very expensive and heavily regulated business falling under the auspices of the Bureau of Alcohol, Tobacco and Firearms. It was further realized that there existed a well of collective memory for iconic blends that were no longer manufactured by European manufacturers or available in the U.S market. This opinion was further reinforced by the extraordinary premiums paid on online auction platforms like EBay for sealed tins of early 1980s pipe tobacco manufactured by Players, Gallaher's and even Dunhill.

Due to the extensive tobacco litigation in the U.S and the suspension of UK companies such as Gallaher exporting to the U.S market in conjunction with Gallaher's acquisition by Japan Tobacco many of the iconic brands were discontinued and the trade mark protection on the names was abandoned in the U.S starting in the late 1970s with trade mark on War Horse Bar tobacco been allowed to lapse that had been trade mark protected since 1928.

Standard Tobacco was formed to acquire these abandoned trademarks and reregister them to form a portfolio of iconic and recognized high quality tobacco brands from yesteryear that could be licensed to produces. In conjunction with this exercise the company actively sought out sealed existing samples of these brands that could be analyzed to determine the composition of the original blends allowing for climate, soil changes and leaf composition. By careful analysis it has been possible to replicate a new perfect copy of the original product. As part of this process of reintroducing these discontinued blends to the U.S market place and given the costs of establishing a manufacturing base and regulatory requirements verses anticipated sales Standard Tobacco entered into a licensing agreement with a reputable tobacco blender to produce, package and distribute the new blends bearing the companies trademarks. Currently, the blender manufactures and distributes to Standard's proprietary formula's John Cotton's No. 1, John Cottons 1&2, John Cotton's Smyrna, John Cottons Sweet Virginia, War Horse Ready Rubbed, Bengal Slices, four varieties of Dobey's Four Square and numerous blends under the Murray's trademark.

On June 25, 2018, Mr. Fruhmann reached an agreement with Richard Oravec, principal and owner of Pivo Associates, Inc. (PIVO) through which PIVO will handle Investor Relations functions for the Company effective June 26, 2018.

7. Describe the Issuer’s Facilities.

The Company is provided with office space by its President at no charge.

8. Officers, Directors, and Control Persons

John F. Fruhmann, President & Secretary

Upon graduating from Fairleigh Dickenson University in 1974 with an MBA in Finance, Mr. Fruhmann worked at Pfizer Inc. /Minerals Technologies Inc. for over 30 years in various sales and marketing management positions. He retired in February 2008 as Director of Sales. In 2009 Mr. Fruhmann served on of the founding Directors of Lauren's Hope Foundation (www.laurenshopefoundation.com), a 501(c) 3 organization whose mission is to assist children born with brain injuries and their families.

Legal/Disciplinary History:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses):

NONE

2. The entry of an order, judgment or decree, not subsequently 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 business, securities, commodities, or banking activities.

NONE

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.

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred or suspended or otherwise limited such person’s involvement in any type of business or securities activities.

NONE

Beneficial Shareholders

XUAN WU INTERNATIONAL GROUP HOLDING CO.

BENEFICAL OWNERS

UNAUDITED

Beneficial Owner	Number of Shares Owned	Percent of Common Shares Owned
John F. Fruhmann*, President & Secretary C/O The Standard Tobacco Company of Pennsylvania, Ltd. 4664 Susan Drive, Bethlehem, PA 18017	10,722,200	47.01%
Total	10,722,200	47.01%

* Mr. Fruhmann also owns 100% of the outstanding Class A Preferred Stock

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9. Third Party Providers

Legal Counsel: Roger L. Fidler Attorney at Law
12 Marlboro Road
Hewitt, NJ 07421
(201) 220-8734
(201) 464-7943(Fax)

Accountant
JDDACPA LLC
3131 Piedmont Ave
Suite 203
Atlanta, GA 30305
(404) 826-3902

Investor Relations Advisor
Pivo Associates, Inc.
277 West 11th Street, Suite 2F, NY, NY 10014
(212) 924-3548

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10. Issuer Certification.

I, John F. Fruhmann, certify that:

1. I have reviewed this Financial Disclosure for the period ended September 30, 2018.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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 on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material aspects the financial condition, results of operations and cash flows of the issuer as of and for the periods presented in the disclosure statement.

Dated: November 14, 2018

/s/ John F. Fruhmann
Principal Officer

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EXHIBIT I – UNAUDITED FINANCIAL STATEMENTS.

XUAN WU INTERNATIONAL GROUP HOLDING CO.

CONSOLIDATED BALANCE SHEETS

UNAUDITED

	9/30/2018	12/31/2017
ASSETS		
Current Assets		
Cash	$ 20,842	$ 9,103
Accounts receivable	3,380	2,360
Total current assets	24,222	11,463
Other Assets		
Customer relationships	175,000	175,000
Trademarks	50,000	50,000
Website	4,000	4,000
Goodwill	9,537	9,537
Total fixed and other assets	238,537	238,537
TOTAL ASSETS	$ 262,759	$ 250,000
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Convertible notes payable	$ 22,803	$ 28,039
Interest payable	12,723	14,375
Total current liabilities	35,526	42,414
Long-term liabilities		
Derivative liability	6,819,685	6,983,116
Total long-term liabilities	6,819,685	6,983,116
Total liabilities	6,855,211	7,025,530
SHAREHOLDERS' DEFICIENCY		
Preferred Stock; par value $0.0001; authorized 10,000,000 shares; 300,000 and 0 issued & outstanding	30	-
Common Stock; par value $0.0001; 1,990,000,000 shares authorized; 22,718,700 and 17,482,500 shares issued and outstanding	2,281	1,748
Additional paid-in capital	350,674	308,665
Accumulated deficit	(6,945,437)	(7,085,943)
Total shareholders' deficiency	(6,592,452)	(6,775,530)
TOTAL LIABILITIES & SHAREHOLDERS' DEFICIENCY	$ 262,759	$ 250,000

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

XUAN WU INTERNATIONAL GROUP HOLDING CO.

CONSOLIDATED STATEMENTS OF OPERATIONS

UNAUDITED

	Three Months ended September 30, 2018	Three Months ended September 30, 2017	Nine Months ended September 30, 2018	Nine Months ended September 30, 2017
Revenue	$ 7,367	$ 1,463	$ 15,151	$ 2,753
Operating Expenses				
General and administrative expenses	160	129	2,392	3,187
Stock based compensation	4,500	-	34,500	-
Total Operating Expenses	4,660	129	36,892	3,187
Operating Income/(Loss)	2,707	1,334	(21,741)	(434)
Other Income (Expense)				
(Loss)/gain in change in fair value of derivative liability	(7,175,413)	2,804,353	(163,431)	4,206,263
Interest expense	361	420	1,184	1,261
Total Other Income (Expense)	(7,175,052)	2,804,773	(162,247)	4,207,524
Gain (loss) from Continuing Operations	7,177,759	(2,803,439)	140,506	(4,207,958)
Provision for taxes	-	-	-	-
Net Gain/(Loss) Applicable to Common Shares	$ 7,177,759	$ (2,803,439)	$ 140,506	$ (4,207,958)
Gain/loss per share				
Basic	$ 0.33	$ (0.17)	$ 0.01	$ (0.26)
Diluted	$ 0.16	$ (0.06)	$ 0.00	$ (0.09)
Shares used in computing net gain/loss per share:				
Basic	21,566,535	16,482,500	19,332,065	16,482,500
Diluted	44,369,535	44,521,500	42,135,065	44,521,500

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

XUAN WU INTERNATIONAL GROUP HOLDING CO.

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	Period Ended	
	9/30/2018	9/30/2017
Cash Flows From Operating Activities		
Net income (loss)	140,506	$ (4,207,957)
Adjustments to reconcile net loss to net cash provided by operating activities.		
Gain (loss) derivative liability	(163,431)	4,206,262
Loss on disposal of Chinese subsidiary		-
Stock issued for charitable contribution	34,500	-
Changes in operating assets and liabilities		
(Increase) decrease accounts receivable	(1,020)	-
Increase (decrease) accrued interest	(1,652)	1,261
Net cash provided (used) in operating activities	8,903	(434)
Cash Flows from Financing Activities		
Share issuance	2,836	-
Net cash provided by Financing activities	2,836	-
Cash Flows from Investing Activities		
Net cash provided by Investing activities	-	-
NET CHANGE IN CASH	11,739	(434)
Cash at beginning of period	9,103	7,098
Net cash at end of period	$ 20,842	$ 6,664
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -
NON CASH FINANCING AND INVESTING ACTIVITY		
Common stock issued for debt	$ 5,236	$ -

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

XUAN WU INTERNATIONAL GROUP HOLDING CO.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

The Company

The Corporation was formed on December 29, 2008 in the State of Nevada. Its initial authorized capital stock was 100,000,000 shares of common stock having a par value of $0.001 per share; and, 20,000,000 shares of Preferred Stock having a par value of $0.001 per share.

Simultaneously therewith the Corporation acquired Xuan Wu International Group, Inc. (Target), a Chinese corporation engaged in quarry operations. Pursuant to that acquisition of the Corporation exchanged 16,482,500 shares of common stock for all the issued and outstanding shares of Target. The Notice of Exchange was filed in Nevada on January 5, 2009. At that time control was vested in Jinhui Guo with 10,000,000 shares out of the 16,482,500 shares.

On November 1, 2017, Jinhui Guo resigned as sole officer and director of the Corporation and Roger Fidler became the sole officer and director of the Corporation.

On December 31, 2017 the Corporation acquired for 1,000,000 shares of the Corporation's common stock all the issued and outstanding shares of Standard. Mr. Fruhmann, who executed on behalf of The Standard Tobacco Company of Pennsylvania, Inc. (Standard), a Nevada corporation engaged in trademark licensing of trademarks acquired for formulations of tobacco that mimic the classic British brands which trademarks had been acquired by Standard. Simultaneously therewith, Roger Fidler resigned as the sole officer and director of the Corporation and John Fruhmann became the sole officer and director of the Corporation. On the same date, the Corporation agreed to return all shares of Target to Target's shareholders.

On February 22, 2018, voting control of the Corporation was vested in John Fruhmann by Jinhui Guo transferring 10,000,000 common shares to Mr. Fruhmann.

On February 22, 2018, the Corporation also increased its authorized capital stock to two billion (2,000,000,000) shares having a par value of $0.0001 per share of which one billion nine hundred and ninety were shares of common stock and ten million shares were preferred stock.

On April 1, 2018, the Corporation released any ownership rights to the Target and returned all the Target's shares to Target shareholders. On May 3, 2018, the Corporation filed a Certificate of Designation designating 300,000 preferred shares as Class Preferred Stock. These 300,000 shares of Class A Preferred Stock were issued to John Fruhmann and were recorded as stock based compensation worth $30,000.

On June 11, 2018, the Corporation filed an Amendment to its Articles of Incorporation effecting a ten for one forward split of its common stock, to be effective three days after FINRA clears the Issuer Company-Related Corporate Action Notification. As of quarter end we are are still waiting for FINRA.

On August 30, 2018, 90,000 shares were issued to a former officer, Daniel Z. Johnson, which were recorded as stock based compensation worth $4,500.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission ("SEC").

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash consists principally of currency on hand, and demand deposits at commercial banks. The Company had cash of $20,842 on September 30, 2018 and $9,103 on December 31, 2017.

Revenue Recognition

Revenues are recognized when the following revenue recognition criteria are met: (1) persuasive evidence of an arrangement exists; (2) there is a fixed or determinable price; (3) the product has been shipped and the customer takes ownership and assumes risk of loss; and (4) collectability of the resulting receivable is reasonably assured. These criteria are satisfied upon shipment of product, and revenues are recognized

Net Income or (Loss) Per Share of Common Stock

Basic and diluted loss per common share is based upon the weighted average number of common shares outstanding during the period computed under the provisions of Accounting Standards Codification subtopic 260-10, Earnings per Share ("ASC 260-10"). Diluted income (loss) per share includes the dilutive effects of common stock equivalents on an "as if converted" basis.

Goodwill

The excess of the purchase price over the fair market value of assets acquired and liabilities assumed in acquisition transactions is classified as goodwill. In accordance with Statement No. 142, "Goodwill and Other Intangible Assets," the Company does not amortize goodwill, but performs impairment tests of the carrying value at least annually.

Intangible Assets

Intangible assets are stated at the lesser of cost or fair value less accumulated amortization.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period enacted. A valuation allowance is provided when it is more likely than not that a portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. The benefit of tax positions taken or expected to be taken in the Company's income tax returns are recognized in the condensed financial statements if such positions are more likely than not of being sustained.

In accordance with ASC 740-10, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting this standard, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Fair Value of Instruments

ASC 825-10, Financial Instruments requires disclosure of the fair value of certain financial instruments. The carrying value of cash, and accounts payable and accrued liabilities, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The company follows ASC 820-10, Fair Value Measurements and Disclosures and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. As amended by the FASB in July 2015, the standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of ASU 2014-09 on our future financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), to provide guidance on recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements, specifically differentiating between different types of leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from all leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the balance sheet. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. The amendments will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. An entity that elects to apply the practical expedients will, in effect, continue to account for leases that commence before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The Company is currently evaluating the impact of these amendments on its financial statements.

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations, to clarify the implementation guidance on principal versus agent considerations and address how an entity should assess whether it is the principal or the agent in contracts that include three or more parties. The effective date and transition requirements for these amendments are

the same as the effective date and transition requirements of ASU 2014-09 (discussed above). The Company is currently evaluating the impact of these amendments on its financial statements.

In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, to clarify the following two aspects of Topic 606: 1) identifying performance obligations, and 2) the licensing implementation guidance. The effective date and transition requirements for these amendments are the same as the effective date and transition requirements of ASU 2014-09 (discussed above). The Company is currently evaluating the impact of these amendments on its financial statements.

NOTE 2 - GOING CONCERN

Under ASC 205-40, we have the responsibility to evaluate whether conditions and/or events raise substantial doubt about our ability to meet our future financial obligations as they become due within one year after the date that the financial statements are issued. As required by this standard, our evaluation shall initially not take into consideration the potential mitigating effects of our plans that have not been fully implemented as of the date the financial statements are issued.

In performing the first step of this assessment, we concluded that the following conditions raise substantial doubt about our ability to meet our financial obligations as they become due. We have a history of net losses for the period ended September 30, 2018; we had a cumulative net loss of $6,945,437. For the period ended September 30, 2018, we had negative working capital of $11,304. We expect to continue to incur negative working capital until such time as our operating segments generate sufficient cash to finance our operations and debt service requirements.

In performing the second step of this assessment, we are required to evaluate whether our plans to mitigate the conditions above alleviate the substantial doubt about our ability to meet our obligations as they become due within one year after the date that the financial statements are issued. Our future plans include securing additional funding sources that may include establishing corporate partnerships, establishing licensing revenue agreements, issuing additional convertible debentures and issuing public or private equity securities, including selling common stock through an at-the-market facility (ATM).

There is no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available through external sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material effect on the business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or they will not have a significant dilutive effect on the Company's existing shareholders.

The accompanying consolidated 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 accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to our ability to continue as a going concern.

NOTE 3 — CORPORATE RESTRUCTURING

Disposition of Subsidiary

On 12/31/17, the Company recorded a loss of $959,034 arising from the disposal of its wholly owned Chinese subsidiary to its former owners.

NOTE 4 - PROVISION FOR INCOME TAXES

The Company files income tax returns in the United States federal jurisdiction and certain state jurisdictions. We did not provide any current or deferred U.S. Federal Income Tax provision or benefit for any of the periods presented because we have experienced operating losses since our date of incorporation. Accounting for the Uncertainty in Income Taxes when it is more likely than not that a tax asset cannot be realized through future income, the Company must allow for this future tax benefit. We provided full valuation allowance on the net deferred asset, consisting of net operating loss carry forwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred assets during the carry forward period.

NOTE 5 – ACQUISITION OF STANDARD TOBACCO

The Company, as previously noted, acquired 100% of Standard Tobacco as of 12/31/17 for 1,000,000 shares valued at $250,000 (twenty-five cents per share). The financial statements were adjusted to reflect the acquisition. Here is a breakdown of what was purchased:

Cash	$ 9,103
Accounts Receivable	2,360
Trademarks	50,000
Customer relationships	175,000
Website	4,000
Goodwill	9,537
Total consideration	$250,000

Under the acquisition method of accounting, the total purchase price was allocated to net tangible and intangible assets based on their estimated fair values.

Calculation of Intangibles

The fair value of trade names and customer relationships are based on a number of significant assumptions. Trade names are valued using a "relief from royalty" method, which models cash savings from owning intangible assets as compared to paying a third party for their use. Descriptions of the inputs into this method, and the estimates or ranges of these inputs that were used for the transaction is as follows:

Compound annual revenue growth rate over term of use	4%-8.3%
Percentage of revenue attributable to trade name in forecast year	20%-100%
Royalty rate	2%
Discount rate	12.5%-14%
Tax rate	21%

The expected useful life of trade names is based on our planned timeframe for using the existing trade names we will purchase in the combination. We expect to amortize such trade names using the straight-line method as no other method of amortization is more representative of our usage of these assets.

Customer relationships are valued using an income approach called the multi-period excess earnings method, a form of discounted cash flow that estimates revenues and cash flows derived from the use of the intangible asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as other intangible assets or property and equipment, that contributed to the generation of the cash flows to arrive at cash flows attributable solely to the intangible asset being valued. Descriptions of the inputs into this method, and the estimates or ranges of these inputs used for all of the Combinations are as follows:

Compound annual revenue growth rate in forecast period	3.1%-4.3%
Annual customer attrition rate	10%
Gross margin in forecast period	35.8%-46.5%
Contributory asset charges as a percentage of revenue	0.1%-3.4%
Discount rate	13.5%-16.0%
Tax rate	21%

The expected useful life of customer relationships is established as 15 years, which is the period over which these assets are expected to reasonably contribute to future cash flows. We expect to amortize such customer relationships using an accelerated method that reflects a greater relative contribution to future cash flows in the earlier years of the assets' useful lives. Actual results may differ materially from our estimates as they are forward-looking statements which, in addition, will be affected by a variety of risks and factors, some of which are beyond our control.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

The Company has entered into multiple convertible notes payable agreements with a minority stockholder of the Company which had advanced funds to pay the Company's expenses. Each note carries a separately dated promissory note that bears interest of 6%. The note can be converted at any time by the holder into common shares of the company at the rate of $.001/share.

On January 16, 2009, the Company executed a Convertible Note payable to Pivo Associates, Inc. in the principal amount of $1,124 in exchange for $1,124 cash. Pivo Associates, Inc. who is the registered holder hereof and its successors and assigns (the "Holder" or Holders"), the principal sum of $1,124 on the Maturity Date, (January 16, 2021) and (except as otherwise herein stated) to pay interest on the principal sum outstanding at the rate of six percent (6%) per annum due and payable on the Maturity Date with interest in arrears. Accrual of interest on the outstanding principal amount, payable in cash or Common Stock (defined hereinafter) at the Holder's option, shall commence with respect to each of the amounts set forth on the date of this Note and shall continue until payment in full of the outstanding principal amount has been made or duly provided for. The holder of this Note is entitled, at his option, pursuant to the Agreement of the Company at the time of each of the Original Note amounts was incurred, at any time commencing on the date first written above, to convert all or a portion of the original principal face amount and/or interest of this Note into shares (the "Conversion Shares") of common stock (the "Common Stock") in the Company, at a conversion ratio (the "Conversion Ratio") which shall equal the dollar amount Holder is electing to convert divided by the par value, which is $0.001, of the Company's Common Stock as of the date of this Note. However, at no time shall so much of this Note be converted so that the Holder(s) shall own at any time given more than 9.9% of the Company's then issued and outstanding common stock.

On June 17, 2009, the Company executed a Convertible Note payable to Pivo Associates, Inc. in the principal amount of $20,000 in exchange for $20,000 cash. Pivo Associates, Inc. who is the registered holder hereof and its successors and assigns (the "Holder" or Holders"), the principal sum of $20,000 on the Maturity Date, (June 17, 2017) and (except as otherwise herein stated) to pay interest on the principal sum outstanding at the rate of six percent (6%) per annum due and payable on the Maturity Date with interest in arrears. Accrual of interest on the outstanding principal amount, payable in cash or Common Stock (defined hereinafter) at the Holder's option, shall commence with respect to each of the amounts set forth on the date of this Note and shall continue until payment in full of the outstanding principal amount has been made or duly provided for. The holder of this Note is entitled, at his option, pursuant to the Agreement of the Company at the time of each of the Original Note amounts was incurred, at any time commencing on the date first written above, to convert all or a portion of the original principal face amount and/or interest of this Note into shares (the "Conversion Shares") of common stock (the "Common Stock") in the Company, at a conversion ratio (the "Conversion Ratio") which shall equal the dollar amount Holder is electing to convert divided by the par value, which is $0.001, of the Company's Common Stock as of the date of this Note. However, at no time shall so much of this Note be converted so that the Holder(s) shall own at any time given more than 9.9% of the Company's then issued and outstanding common stock. This note is in default. During the second quarter, a total of $2,550 of this note was converted into a total of 2,550,000 common shares. During the third quarter, a total of $2,686 of this note was converted into a total of 2,686,200 common shares. $14,764 of the note is still outstanding.

On June 24, 2009, the Company executed a Convertible Note payable to Pivo Associates, Inc. in the principal amount of $3,415 in exchange for $3,415 cash. Pivo Associates, Inc. who is the registered holder hereof and its successors and assigns (the "Holder" or Holders"), the principal sum of $3,415 on the Maturity Date, (June 24, 2016) and (except as otherwise herein stated) to pay interest on the principal sum outstanding at the rate of six percent (6%) per annum due and payable on the Maturity Date with interest in arrears. Accrual of interest on the outstanding principal amount, payable in cash or Common Stock (defined hereinafter) at the Holder's option, shall commence with respect to each of the amounts set forth on the date of this Note and shall continue until payment in full of the outstanding principal amount has been made or duly provided for. The holder of this Note is entitled, at his option, pursuant to the Agreement of the Company at the time of each of the Original Note amounts was incurred, at any time commencing on the date first written above, to convert all or a portion of the original principal face amount and/or interest of this Note into shares (the "Conversion Shares") of common stock (the "Common Stock") in the Company, at a conversion ratio (the "Conversion Ratio") which shall equal the dollar amount Holder is electing to convert divided by the par value, which is $0.001, of the Company's Common Stock as of the date of this Note. However, at no time shall so much of this Note be converted so that the Holder(s) shall own at any time given more than 9.9% of the Company's then issued and outstanding common stock. This note is in default.

On July 13, 2009, the Company executed a Convertible Note payable to Pivo Associates, Inc. in the principal amount of $3,500 in exchange for $3,500 cash. Pivo Associates, Inc. who is the registered holder hereof and its successors and assigns (the "Holder" or Holders"), the principal sum of $3,500 on the Maturity Date, (July 15, 2014) and (except as otherwise herein stated) to pay interest on the principal sum outstanding at the rate of six percent (6%) per annum due and payable on the Maturity Date with interest in arrears. Accrual of interest on the outstanding principal amount, payable in cash or Common Stock (defined hereinafter) at the Holder's option, shall commence with respect to each of the amounts set forth on the date of this Note and shall continue until payment in full of the outstanding principal amount has been made or duly provided for. The holder of this Note is entitled, at his option, pursuant to the Agreement of the Company at the time of each of the Original Note amounts was incurred, at any time commencing on the date first written above, to convert all or a portion of the original principal face amount and/or interest of this Note into shares (the "Conversion Shares") of common stock (the "Common Stock") in the Company, at a conversion ratio (the "Conversion Ratio") which shall equal the dollar amount Holder is electing to convert divided by the par value, which is $0.001, of the Company's Common Stock as of the date of this Note. However, at no time shall so much of this Note be converted so that the Holder(s) shall own at any time given more than 9.9% of the Company's then issued and outstanding common stock. This note is in default.

NOTE 8 - DERIVATIVE LIABILITY

The derivative liability at September 30, 2018 and December 31, 2017 consisted of:

	9/30/2018	12/31/2017
Convertible Promissory Note dated January 16, 2009 payable to Pivo Associates, Inc. including accrued interest of $655 and $621, respectively.	$ 336,154	$ 279,325
Convertible Promissory Note dated June 17, 2009 payable to Pivo Associates, Inc. including accrued interest of $8,232 and $10,547, respectively.	4,415,464	4,958,012
Convertible Promissory Note dated June 24, 2009 payable to Pivo Associates, Inc. including accrued interest of $1,899 and $1,797, respectively.	1,021,323	837,974
Convertible Promissory Note dated July 13, 2009 payable to Pivo Associates, Inc. including accrued interest of $1,937 and $1,831, respectively.	1,046,744	907,805
Total derivative liability	$ 6,819,685	$ 6,983,116

The embedded conversion option of the convertible notes qualifies for derivative accounting under ASC 815-15, Derivatives and Hedging. The Company records the fair value of the conversion price of the convertible debentures in accordance with ASC 815, Derivatives and Hedging. The fair value of the derivative liability is revalued on each balance sheet date or upon conversion of the underlying convertible debenture into equity with corresponding gains and losses recorded in the consolidated statement of operations. The fair value of the derivative liability as of September 30, 2018 and December 31, 2017 was determined using the Black Scholes Option Pricing Model with the following assumptions:

Dividend yield:	0
Volatility	10 %
Risk free rate:	3.165 %

NOTE 9 – SUBSEQUENT EVENTS

None