

ML Capital Group, Inc.
Form 10-Q
May 15, 2015

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended **March 31, 2015**

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

For the transition period from _____ to _____.

Commission File Number **333-184636**

ML CAPITAL GROUP, INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or
organization)

33-1219511

(IRS Employer Identification No.)

6810 Ave of the Fountains #101 Fountain Hills, AZ 85268

(Address of principal executive offices)

(602) 200-4121

(Issuer's telephone number)

NA

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

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

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

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

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

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

As of May 15, 2015 there were 24,335,593 shares of Common Stock of the issuer outstanding.

Table of Contents

		Page
PART I. FINANCIAL INFORMATION		
<i>Item 1.</i>	Financial Statements	3
	Condensed Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014	3
	Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014 (Unaudited)	4
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (Unaudited)	5
	Notes to Condensed Consolidated Financial Statements (Unaudited)	6
<i>Item 2.</i>	Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
<i>Item 3.</i>	Quantitative and Qualitative Disclosures About Market Risk	16
<i>Item 4.</i>	Controls and Procedures	16
PART II. OTHER INFORMATION		
<i>Item 1.</i>	Legal Proceedings	17
<i>Item 1A.</i>	Risk Factors	17
<i>Item 2.</i>	Unregistered Sales of Equity Securities and Use of Proceeds	17
<i>Item 3.</i>	Defaults Upon Senior Securities	17
<i>Item 4.</i>	Mine Safety Disclosures	17
<i>Item 5.</i>	Other Information	17
<i>Item 6.</i>	Exhibits	18

PART I: FINANCIAL INFORMATION**ITEM 1: Financial Statements****ML Capital Group, Inc.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,636	\$ 13,032
Inventory	14,455	12,514
Prepaid expenses	-	12,324
Deferred debt issuance cost	22,854	4,308
Total current assets	47,945	42,178
Property and Equipment, net	2,286	4,387
Total assets	\$ 50,231	\$ 46,565

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Accounts payable and accrued expenses	\$ 25,547	\$ 14,859
Convertible notes payable, net of discount \$120,713 and \$165,361, respectively	369,540	264,125
Derivative liabilities	753,871	689,936
Promissory note	5,000	-
Total current liabilities	1,153,958	968,920
Total liabilities	1,153,958	968,920
Stockholders' Deficit		
Common stock, \$.0001 par value; 7,000,000,000 shares authorized; 335,554 (2015) and 81,563 (2014)	34	8

shares issued and outstanding, respectively		
Preferred Stock, \$.0001 par value; 10,000,000 shares authorized; 1,000,000 (2015) and 0 (2014) shares issued and outstanding, respectively	10	-
Additional paid-in capital	3,844,281	3,653,692
Deferred stock compensation	-	(25,775)
Accumulated deficit	(4,948,052)	(4,550,280)
Total stockholders' deficit	(1,103,727)	(922,355)
Total liabilities and stockholders' deficit	\$ 50,231	\$ 46,565

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

ML Capital Group, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Three Months Ended
March 31,
2015 2014

Revenues

Consulting revenue - related party	\$ -	\$ 1,125
Product sales	24,811	-
Costs of goods sold	(22,017)	-
Gross Profit	2,794	1,125

Expenses:

Compensation	107,128	20,007
Professional fees	42,762	301,933
General and administrative expenses	46,381	23,743
Total operating expenses	196,271	345,683

Operating loss	(193,477)	(344,558)
----------------	-----------	-----------

Other income

(expense):

Amortization of debt discounts	(182,160)	-
Derivative liability expense	(10,855)	(18,530)
Interest expense	(11,280)	(18,404)
Gain on accounts payable forgiveness	-	524
	(204,295)	(36,410)

Total other expense		
Net loss	\$ (397,772)	\$ (380,968)
Net loss per share	\$ (1.72)	\$ (19.69)
Weighted average number of common shares outstanding		
Basic and diluted	230,696	19,344

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

4
-

ML Capital Group Inc.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Three Months Ended	
	March 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (397,772)	\$ (380,968)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	67,140	304,191
Amortization of discount on convertible notes	182,160	14,791
Amortization of deferred financing fees	6,454	-
Loss from derivative liability	2,432	18,530
Depreciation	2,101	-
Changes in operating assets and liabilities:		
Inventory	(1,941)	-
Accounts payable and accrued expense	19,706	(3,190)
Prepaid expenses	12,324	(7,905)
Deferred revenue	-	(1,125)
Net cash used in operating activities	(107,396)	(55,676)
Cash flows from financing activities:		
Bank overdraft	-	(93)
Common stock sold for cash	-	20,000
Proceeds from convertible note	100,000	50,000
Payment of debt issuance costs	-	(725)
Repayment of advances from related parties	-	(6,556)
Proceeds from promissory note	5,000	-
Net cash provided by financing activities	105,000	62,626
Net increase (decrease) in cash and cash equivalents		
	(2,396)	6,950
Cash and cash equivalents, beginning	13,032	-
Cash and cash equivalents, ending	\$ 10,636	\$ 6,950

Supplemental disclosure of cash flow information:

Edgar Filing: ML Capital Group, Inc. - Form 10-Q

Cash paid for interest	\$	-	\$	-
Cash paid for income taxes	\$	-	\$	-

Non-cash investing and financing activities:

Cancellation of common stock	\$	-	\$	200
Reclassification of derivative liabilities	\$	73,203	\$	22,734
Convertible debt and accrued interest converted to common stock	\$	73,605	\$	7,500

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

ML Capital Group, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

ML Capital Group, Inc. (the “Company”) was incorporated in the State of Nevada on September 22, 2009.

The Company’s business consists of providing consulting services to both public and private companies, concentrating primarily on early stage companies, small businesses and emerging growth companies. The Company has embarked upon an expansion into developing products and services that are focused on the electronic cigarettes (e-cigs) industry.

On May 27, 2014 the Company formed a wholly owned subsidiary Superstar Products, LLC to facilitate the importation and sale of 3 in 1 vaporized pens. During the period ended September 30, 2014 there was no activity in the subsidiary.

In April 2015, the Company’s board of directors approved a 1 for 4,000 reverse stock split. The number of shares of common stock has been adjusted to reflect the split for all periods presented.

On February 27, 2015, the Company’s Board of Directors, pursuant to the authority granted it in Section 1 of Article II of the Company’s Articles of Incorporation, designated 2,000,000 shares of the Company’s Preferred Stock as Series A Preferred Stock and authorized and instructed the Company’s officers to file the Certificate of Designation for the Series A Preferred Stock with the Nevada Secretary of State.

Further, the Company’s Board of Directors approved the issuance of 1,000,000 shares of the Series A Preferred Stock to Ms. Lisa Nelson, the Company’s President. Each Series A Preferred Share has voting rights of 10,000 votes per share. The Series A Preferred Stock are not convertible into the shares of the Company’s Common Stock and are not entitled to be paid any dividends. No sinking fund is required to be established for the retirement or repurchase of the shares of the Series A Preferred Stock and the Company has the right, with the approval of the holder, to repurchase all or any portion of the Series A Preferred Stock at a redemption price of \$0.00001 per share. Further, the holders of the Series A Preferred Stock does not hold any registration rights.

All of the Series A Preferred Shares were offered and sold to Ms. Nelson as restricted securities pursuant to the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended and Ms. Nelson agreed that she was acquiring the Series A Preferred Shares for investment purposes only and not with a view to a distribution.

The Company did not use or employ any FINRA-registered broker-dealer or any other intermediary in connection with the offering and issuance of the Series A Preferred Shares to Ms. Nelson and the Company did not receive any proceeds from their issuance. The Series A Preferred Shares were issued solely as compensation for services rendered to the Company by Ms. Nelson.

Significant Accounting Policies

The accompanying condensed financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments necessary to present the financial position, results of operations and cash flows for the stated periods have been made. Except as described below, these adjustments consist only of normal and recurring adjustments. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with a reading of the Company's financial statements and notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission (SEC) on April 2, 2015. Interim results of operations for the three months ended March 31, 2015 are not necessarily indicative of future results for the full year.

Going concern

As reflected in the accompanying financial statements, the Company had a net loss of \$356,407 and net cash used in operations of \$107,396 for the three months ended March 31, 2015. The Company has total assets of \$50,231 and a working capital deficit of \$1,106,013 as of March 31, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan, raise additional capital, and generate revenues. Management believes that the actions presently being taken provide the opportunity for the Company to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Presentation

The Company has adopted Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The adoption of this ASU allows the Company to remove the inception to date information and all references to development stage.

Revenue recognition

Pursuant to the guidance of ASC Topic 605 and ASC Topic 360, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the purchase price is fixed or determinable and collectability is reasonably assured. The company recognizes revenue from product sales during the period in which the product is delivered, which is generally at the at the point of sale.

Inventories

Inventories are stated at the lower of cost of market using the first-in; first-out (FIFO) cost method of accounting.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. Significant estimates in the 2015 and 2014 periods include the valuation of stock-based compensation and derivative liabilities.

7
-

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

Fixed assets

Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction/ acquisition.

Fair value financial instruments

The carrying amounts reported in the balance sheets for accounts payable, accrued expenses and amounts due to related party approximate their fair value based on the short-term maturity of these instruments. The fair value of the Company's derivative liabilities was determined based on the estimated intrinsic value of the embedded conversion feature which approximates fair value due to the terms of conversion and a modified Black Scholes method incorporating Monte Carlo simulation.

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820").

ASC Topic 820 provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC Topic 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into six broad levels. The following is a brief description of those six levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets

that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The Company adjusts the derivative liability resulting from the embedded conversion option on its convertible debt to fair value at each balance sheet date. The fair value of the derivative liability is estimated using level 3 inputs. The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2015:

	Balance at March 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of derivative liability for embedded conversion options	\$ 753,871	\$ —	\$ —	\$ 753,871

Stock-based compensation

The Company accounts for stock-based instruments issued to employees in accordance with ASC Topic 718. ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The Company accounts for non-employee share-based awards in accordance with ASC Topic 505-50.

Net loss per share of common stock

Basic net loss per common share is computed by dividing net loss available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. Potentially dilutive securities consisting of 2,952,705 and 3,587 shares underlying convertible debt warrants for the three month period ended March 31, 2015 and 2014 respectively are not included in the calculation of diluted loss per share because their impact was antidilutive. Potentially dilutive securities consist of:

Warrants not exercised	2,771
Convertible debt at March 31, 2015 conversion price	2,949,934
Total dilutive securities	2,952,705

During the period from April 1, 2015 to May 15, 2015, the Company issued 20,000,000 shares post-split to CEO Lisa Nelson, 2,000,000 post-split shares of common stock to Director Thomas Nelson and 2,000,000 post-split shares of common stock to Director Carlos Lopez.

Recent accounting pronouncements

Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Company's president from time to time, provides advances to the Company for working capital purposes. These advances were due on demand, non-interest bearing and included in due to related party on the accompanying balance sheets. At March 31, 2015, there are no related party advances outstanding.

During the three month period ended March 31, 2015 the president of the Company received compensation of \$36,190 in cash compensation compared to \$20,000 during the same period in 2014.

NOTE 3 – CONVERTIBLE NOTE PAYABLE

On June 7, 2012, the Company entered into a convertible promissory note agreement with Morgan Wells Inc. Pursuant to the convertible promissory note agreement, the Company issued a note in the principal amount of \$5,000. The note bears interest at the rate of 8% per annum and matured on December 7, 2012. The note is convertible into common stock at 75% of the lowest closing market price for the Company's stock during the previous 20 trading days. As of March 31, 2015 the note had a principal balance of \$2,500.

On February 28, 2014 the Company issued a convertible promissory note in the principal amount of \$30,000. The note bears interest at the rate of 8% per annum and matured February 28, 2015. The note is convertible into shares of the Company's common stock at 50% of the average of the lowest 2 trading prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$32,400 debt discount of \$30,000 and derivative expense of \$2,400. The debt discount of \$30,000 was amortized into interest expense over the term of the note. The carrying value of the note as of December 31, 2014, was \$5,840, net of unamortized discount of \$1,126. During the three months ended March 31, 2015, the Company issued 18,480 shares of common stock in satisfaction of the \$6,966 of convertible debt and \$268 of accrued interest. No amounts remain outstanding as of March 31, 2015.

On April 1, 2014 the Company entered into a note agreement whereby the Company issued a note payable with a principal amount of \$600,000 plus prepaid interest of \$60,000 and prepaid legal fees of \$5,000 for an aggregate amount of \$665,000. Additional interest of 8% on the outstanding balance is also incurred. The current holder shall have the right from time to time to convert all or any part of the outstanding and unpaid principal amount of this note into fully paid and non-assessable shares of common stock. The note matures on April 1, 2015 and is convertible, at the note holder's option, into common shares of the Company after 90 days at the lower of \$.0074 or 40% of the average closing price 20 days prior to conversion. The Company is to receive principal from the note of \$50,000 per month starting in April 2014 and for 11 months thereafter, for a total of \$600,000 of which \$350,000 was received during the year ended December 31, 2014. In addition, the Company has issued warrants to the note holder which vest in equal amounts, over the 12 month period. The note holder may purchase up to 2,771 shares of the Company's common stock at \$240 per share per warrant or convert the warrants to common stock on a formula as cashless warrants. Because of the variable conversion option contained in the convertible note and the ratchet provision included in the warrant, the Company recorded derivative liabilities totaling \$1,706,747 upon issuance of the note, offset by a discount equal to the face value of the funded portion of the notes, which became convertible during the year ended December 31, 2014, or \$370,000, and initial derivative expense of \$1,536,747. During the three months ended March 31, 2015, the Company received an additional \$25,000 in financing from this note. Additionally, during the three months ended March 31, 2015 the Company issued 123,582 shares of common stock upon conversion of \$37,759 of convertible debt principal. The outstanding principal as of March 31, 2015 totaled \$287,441, which is carried at \$286,449, net of unamortized discount of \$992.

On July 2, 2014 the Company issued a convertible promissory note in the principal amount of \$40,000. The note bears interest at the rate of 8% per annum and matures July 2, 2015. The note is convertible into shares of the Company's common stock after 180 days at 50% of the average of the lowest 2 trading prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$43,200 debt discount of \$40,000 and derivative expense of \$3,200. The debt discount of \$40,000 is being amortized into interest expense over the term of the note. During the three months ended March 31, 2015, the Company issued 21,770 shares of common stock upon conversion of \$6,355 of convertible debt principal and \$314 of accrued interest. Amortization for the three months ended March 31, 2015, totaled \$10,891 and the carrying value of the note as of March 31, 2015, is \$26,802, net of unamortized discount of \$9,164.

On July 2, 2014 the Company issued a convertible promissory note in the principal amount of \$50,000. The note bears interest at the rate of 8% per annum and matures July 2, 2015. The note is convertible into shares of the Company's common stock at 50% of the lowest trading price during the 20 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$54,000, debt discount of \$50,000 and derivative expense of \$4,000. The debt discount of \$50,000 is being amortized into interest expense over the term of the note. During the three months ended March 31, 2015, the Company issued 77,000 shares of common stock upon conversion of \$19,000 of convertible debt principal. Amortization for the three months ended March 31, 2015, totaled \$17,170 and the carrying value of the note as of March 31, 2015, is \$23,101, net of unamortized discount of \$7,899.

On December 3, 2014 the Company issued a convertible promissory note in the principal amount of \$30,000 plus prepaid legal fees of \$1,500. The note bears interest at the rate of 8% per annum and matures December 3, 2015. The note is convertible into shares of the Company's common stock at any time equal to 50% of the average of the lowest 2 trading prices during the 20 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$32,400 debt discount of \$30,000 and derivative expense of \$2,400. The debt discount of \$30,000 is being amortized into interest expense over the term of the note. Amortization for the three months ended March 31, 2015, totaled \$7,397 and the carrying value of the note as of March 31, 2015, is \$9,699, net of unamortized discount of \$20,301.

On January 9, 2015 the Company issued a convertible promissory note in the principal amount of \$111,111. The note bears interest at the rate of 6% per annum and matures January 9, 2016. The note is convertible into shares of the Company's common stock at a conversion price equal to 50% of the average of the 10 closing bid prices during the 10 trading days immediately preceding the conversion date. The embedded conversion feature is required to be recorded as a derivative liability adjusted to fair value at each reporting date. The Company recorded an initial derivative liability of \$112,514, debt discount of \$111,111 and derivative expense of \$1,403. The debt discount of \$111,111 is being amortized into interest expense over the term of the note. . During the three months ended March 31, 2015, the Company issued 13,159 shares of common stock upon conversion of \$5,264 of convertible debt principal. Amortization for the three months ended March 31, 2015 totaled \$30,156 and the carrying value of the note as of December 31, 2014, is \$23,489, net of unamortized discount of \$82,358.

NOTE 4 – STOCKHOLDERS' DEFICIT

On January 8, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 9, 2015 the Company issued 3,750 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 13, 2015 the Company issued 4,582 shares of common stock for the conversion of \$2,200 of convertible debt.

Edgar Filing: ML Capital Group, Inc. - Form 10-Q

On January 14, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 16, 2015 the Company issued 13,159 shares of common stock for the conversion of \$7,895 of convertible debt.

On January 16, 2015 the Company issued 5,616 shares of common stock for the conversion of \$3,300 of convertible debt and \$70 of accrued interest.

On January 20, 2015 the Company issued 9,625 shares of common stock for the conversion of \$4,620 of convertible debt.

On January 21, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 22, 2015 the Company issued 10,250 shares of common stock for the conversion of \$4,920 of convertible debt.

On January 23, 2015 the Company issued 5,375 shares of common stock for the conversion of \$2,580 of convertible debt.

On January 26, 2015 the Company issued 4,284 shares of common stock for the conversion of \$2,000 of convertible debt and \$142 of accrued interest.

On January 26, 2015 the Company issued 4,500 shares of common stock for the conversion of \$1,800 of convertible debt.

On January 27, 2015 the Company issued 19,500 shares of common stock for the conversion of \$6,240 of convertible debt.

On January 30, 2015 the Company issued 8,580 shares of common stock for the conversion of \$1,600 of convertible debt and \$116 of accrued interest.

On February 3, 2015 the Company issued 8,750 shares of common stock for the conversion of \$2,800 of convertible debt.

On February 4, 2015 the Company issued 9,162 shares of common stock for the conversion of \$1,700 of convertible debt and \$132 of accrued interest.

On February 5, 2015 the Company issued 9,000 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 9, 2015 the Company issued 9,500 shares of common stock for the conversion of \$3,040 of convertible debt.

On February 10, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

Edgar Filing: ML Capital Group, Inc. - Form 10-Q

On February 11, 2015 the Company issued 10,000 shares of common stock for the conversion of \$1,600 of convertible debt.

On February 12, 2015 the Company issued 11,250 shares of common stock for the conversion of \$1,800 of convertible debt.

On February 20, 2015 the Company issued 10,000 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 23, 2015 the Company issued 12,500 shares of common stock for the conversion of \$2,000 of convertible debt.

On February 24, 2015 the Company issued 12,608 shares of common stock for the conversion of \$2,400 of convertible debt and \$122 of accrued interest.

On February 26, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 15,000 shares of common stock for the conversion of \$3,000 of convertible debt.

On March 4, 2015 the Company issued 14,750 shares of common stock for the conversion of \$2,360 of convertible debt

The Company has issued warrants to purchase 2,771 shares of common stock of which 2,078 are exercisable as of March 31, 2015. The warrants have an exercise price of \$240 per share and expire on April 1, 2017 (See Note 3).

On February 27, 2015, the Company's Board of Directors, pursuant to the authority granted it in Section 1 of Article II of the Company's Articles of Incorporation, designated 2,000,000 shares of the Company's Preferred Stock as Series A Preferred Stock and authorized and instructed the Company's officers to file the Certificate of Designation for the Series A Preferred Stock with the Nevada Secretary of State.

Further, the Company's Board of Directors approved the issuance of 1,000,000 shares of the Series A Preferred Stock to Ms. Lisa Nelson, the Company's President. Each Series A Preferred Share has voting rights of 10,000 votes per share. The Series A Preferred Stock are not convertible into the shares of the Company's Common Stock and are not entitled to be paid any dividends. No sinking fund is required to be established for the retirement or repurchase of the shares of the Series A Preferred Stock and the Company has the right, with the approval of the holder, to repurchase all or any portion of the Series A Preferred Stock at a redemption price of \$0.00001 per share. Further, the holders of the Series A Preferred Stock does not hold any registration rights.

All of the Series A Preferred Shares were offered and sold to Ms. Nelson as restricted securities pursuant to the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended and Ms. Nelson agreed that she was acquiring the Series A Preferred Shares for investment purposes only and not with a view to a distribution.

The Company did not use or employ any FINRA-registered broker-dealer or any other intermediary in connection with the offering and issuance of the Series A Preferred Shares to Ms. Nelson and the Company did not receive any proceeds from their issuance. The Series A Preferred Shares were issued solely as compensation for services rendered to the Company by Ms. Nelson.

NOTE 5 – LEASE

On May 16, 2013 the Company signed a lease for 950 square feet of space with the lease commencing on July 1, 2013 and expiring on August 1, 2015. Under the terms of the lease the Company paid monthly lease rental of \$900 per month plus estimated CAM and taxes from July 1, 2013 through December 31, 2013. The Company is further obligated to pay monthly rental of \$950 plus CAM and taxes from January 1, 2014 through June 30, 2014 and \$950 in monthly rental plus CAM and taxes through the term of the lease ending July 31, 2015.

NOTE 6 – SUBSEQUENT EVENTS

From April 1, 2015, through May 15, 2015, the Company has issued 20,000,000 shares of common stock to CEO Lisa Nelson for services to be provided over 12 months.

On May 6, 2015, the Company's Board of Directors elected Thomas E. Nelson as a Director of the Company. Mr. Nelson is the husband of the Company's President, Chief Executive Officer, and Secretary, Ms. Lisa Nelson. In addition, The Board of Directors approved the issuance of 2,000,000 shares of the Company's Common Stock to Mr. Nelson for his past services to the Company.

Effective April 9, 2015, the Company completed a one share for four thousand share (1 for 4000) reverse split of its common stock. Accordingly, the 1,341,880,231 shares of common stock outstanding at that date became 335,554 shares post-split. All per share figures in this filing have been adjusted to reflect the effects of the reverse split.

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

FORWARD LOOKING STATEMENTS

Statements made in this Form 10-Q that are not historical or current facts are forward-looking statements. These statements often can be identified by the use of terms such as "may," "will," "expect," "believe," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. Among the factors that could cause actual results to differ materially from the forward-looking statements are the following: the Company's ability to obtain necessary capital, the Company's ability to successfully consummate future acquisitions and such other risk factors identified from time to time in the Company's reports filed with the Securities and Exchange Commission, including those filed with this Form 10-Q quarterly report. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

Overview

ML Capital Group, Inc. was incorporated under the laws of the State of Nevada on September 22, 2009.

Our business consists of providing consulting services to both public and private companies, concentrating primarily on early stage companies, small businesses and emerging growth companies, with a principal focus on serving companies in the green technology and alternative energy industries. The Company embarked upon an expansion into developing products and services that are focused in the electronic cigarettes (e-cigs) industry. In addition the Company is anticipating the launch of a smartphone application to market products related to its new venture.

To date, the President has been primarily responsible for managing the majority of the Company's operations, and the needs of the Company's clients, which include the following responsibilities:

- Developing intellectual property around specific products or services
- Corporate strategic planning and implementation
- Executive search and placement

- Establish relationships with companies for new business development
- Make introductions to other companies as a potential strategic or financial partner

We plan to work with companies that are interested in buying or selling assets or businesses, assisting with conducting the required due diligence, advising on transaction structures, and in some cases assist with identifying possible sources of financing at the request of a client.

The Company's expansion into the electronic cigarettes (e-cigs) industry has been carefully considered and is focused strictly on developing products, services, smartphone applications, and intellectual property that provides added value to the Company. To date, the Company is in the final stages of developing and commercializing its branded and trademarked SuperStar Vapor Pen – which is an electronic smoking device similar to an electronic cigarette that enables people to consume tobacco, wax, or liquid form in a highly efficient, clean and safe manner. In addition, the Company is also finalizing the development of a smartphone application that will provide location based services and detailed information on medical marijuana dispensaries on a national scale.

Results of Operations

During the three month period ended March 31, 2015 the Company generated \$24,811 in revenue compared to \$1,125 in the respective period in 2014. The 2015 revenue was a result of sales of the SuperStar Vapor Pen and related accessories which began in 2014. The 2014 revenue was related to the providing of consulting services to an affiliate party.

Cost of goods sold for the three month period ended March 31, 2015 was \$22,017 compared with zero in the respective period in 2014. Gross Margin for the three month period ended March 31, 2015 was \$2,794 compared to \$1,125 for the same period in 2014.

Total expenses for the three month period ended March 31, 2015 were \$196,271 compared to \$345,683 in the respective period in 2014. The \$149,412 decrease in expenses for the three month period ended March 31, 2015 over the same period in 2014 was primarily attributable to stock based compensation of approximately \$300,000 paid during the three month period ended March 31, 2014 compared to \$25,775 expensed during the same period in 2015. This decrease was offset by increases in compensation expenses of \$45,756 (\$65,763 and \$20,007 in compensation expenses for the three month periods ended March 31, 2015 and 2014, respectively) and general and administrative expenses of \$22,683 (\$46,381 and \$23,743 in general and administrative expenses for the three month periods ended March 31, 2015 and 2014, respectively)

Other expense for the three month period ended March 31, 2015 was \$204,295 compared to \$36,410 in the respective period in 2014. The large variance in the three months ended March 31, 2015 over the same period in 2014 was attributed to amortization of debt discount was \$182,160 compared to zero for the respective period in 2014.

The Company has negative working capital of \$1,106,013 as of March 31, 2015 compared to \$926,742 as of December 31, 2014. Funds used in operating activities during the three months ended March 31, 2015 were \$107,396 compared to funds used of \$55,676 in the same period in 2014 or \$48,711 more in 2015 than in 2014.

Funds provided by financing activities were \$105,000 for the period ended March 31, 2015 compared to \$62,626 for the same period in 2014. The funds provided by financing activities in 2015 were proceeds from convertible notes of \$100,000 and proceeds from a promissory note of \$5,000.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Item 3: Quantitative and Qualitative Disclosures About Market Risk.

An investment in the Company is highly speculative in nature and involves an extremely high degree of risk.

Item 4: Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, management concluded that our disclosure controls and procedures were not effective as of March 31, 2015.

Changes in internal controls

Our management, with the participation our Chief Executive Officer and Chief Financial Officer, performed an evaluation to determine whether any change in our internal controls over financial reporting occurred during the three months ended March 31, 2015. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that no changes occurred in the Company's internal controls over financial reporting during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings.

None.

Item 1A: Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

None

Item 3: Defaults Upon Senior Securities.

None

Item 4: Mine Safety Disclosures.

Not applicable

Item 5: Other Information.

None

17
—

Item 6: Exhibits.

No.	Description
31	Chief Executive Officer Certification
32	Section 1350 Certification
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

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

ML CAPITAL GROUP, INC.

Dated: May 15, 2015

By: */s/ Lisa Nelson*
Lisa Nelson
Chief Executive Officer (Principal
Executive Officer)
and Chairman of the Board of
Directors