Marani Brands, Inc. and Subsidiary
Balance Sheets

	September 30	June 30	
	2013	2013	2012
Assets			
Current assets			
Cash and cash equivalents	$ 564	$ -	$ -
Accounts receivable-net	29,369	29,369	29,369
Inventory	105,316	105,316	106,495
Prepaid expenses and other current assets	-	-	-
Total current assets	135,250	134,686	135,864
Long term assets			
Furniture, net	4,400	4,800	6,400
Computers and office equipment, net	1,625	2,167	4,333
Web-site, net	10,313	13,750	27,500
Trade marks, net	58,180	60,057	67,564
Total long term assets	74,517	80,773	105,797
Total assets	209,768	215,459	241,661
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable and accrued expenses	$ 504,187	$ 504,187	$ 504,187
Payroll taxes payable	236,248	236,248	236,248
Notes payable	866,692	851,051	789,932
Convertible notes payable	83,168	83,168	83,168
Related party payable	180,327	1,069,460	878,785
Total current liabilities	1,870,623	2,744,115	2,492,321
Commitments and contingencies			
Stockholders' equity			
Preferred stock, $0.001 par value, 10,000,000 shares authorized; 6,500,000 issued and outstanding as of September 30, 2013	6,500	-	-
Common stock, $0.001 par value, 1,000,000,000 shares authorized, and 363,823,648 shares issued and outstanding as of September 30, 3013, June 30, 2013, and June 30, 2012	363,258	363,258	363,258
Additional paid in capital	24,076,638	23,161,138	23,161,138
Accumulated deficit	(26,107,251)	(26,053,052)	(25,775,056)
Total stockholders' equity	(1,660,855)	(2,528,656)	(2,250,660)
Total liabilities and stockholders' equity	$ 209,768	$ 215,459	$ 241,661

see accompanying notes to financial statements

Marani Brands, Inc. and Subsidiary
Statements of Operations

	Three months ended September 30 2013	Year ended June 30 2013	2012
Revenue	-	$ -	$ -
Cost of goods sold	-	-	-
Gross profit	-	-	-
Operating expenses			
Gain on settlement of liability	-	-	(389,947)
General and administrative expenses	140,360	94,807	154,067
Total operating expenses	140,360	94,807	(235,880)
Loss (income) from operations	140,360	94,807	(235,880)
Other expense			
Interest expense	54,162	34,958	33,569
Loss (income) for the period	194,522	129,765	(202,310)
Basic loss (income) per share	0.0005	0.0003	(0.0005)
Weighted average shares outstanding			
Basic and diluted	383,823,648	383,823,648	383,823,648

see accompanying notes to financial statements

Marani Brands, Inc. and Subsidiary
Statements of Cash Flow

	Three months ended September 30 2013	Year ended June 30 2013	Year ended June 30 2012
Cash flows from operating activities			
Net loss	$ 194,522	$ 129,765	$ 1,385,798
Adjustments to reconcile net loss to cash used in operating activities			
Depreciation expense	(6,256)	(25,024)	-
(Increase) decrease in current assets			
Accounts receivable			(109,172)
Prepaid expenses and other current assets			(30,130)
Inventory		1,178	(64,023)
Increase (decrease) in current liabilities:			
Accounts payable and accrued expenses			346,200
Net cash used in operating activities	188,266	105,919	1,528,673
Cash flows from investing activities			
Acquisition of property and equipment			105,797
Cash used to repay line of credit			999,556
Deposits			(10,255)
Net cash used in investing activities			1,095,098
Cash flows from financing activities			
Proceeds from increase in notes payable	(15,641)	(61,119)	(334,758)
Proceeds from increase in loans payable	(16,814)	(3,390)	
Proceeds from convertible debt			(83,168)
Liquidating derivative			246,501
Proceeds from (repayments to) related party	(155,247)	(41,410)	(878,785)
Proceeds from common stock issued for cash			(457,101)
Net cash provided by financing activities	(187,702)	(105,919)	(1,507,311)
Net increase (decrease) in cash and cash equivalents	564	-	1,116,460
Cash and cash equivalents, beginning balance	-	-	(1,116,460)
Cash and cash equivalents, ending balance	564	$ -	$ -
Supplementary information			
Cash paid during the six months for:			
Interest	$ 54,162	$ 34,958	$ -
Income taxes	$ -	$ -	$ -
Supplementary disclosure for noncash financing and investing activities			
Conversion of related party debt to prefered stock	$ 922,000	-	-

see accompanying notes to financial statements

Marani Brands, Inc. and Subsidiary

Statements of Changes in Stockholders' Equity

For the years ended June 30, 2013 and 2012

	Preferred		Common		Additional Paid	Accumulated	Stockholders'
	Shares	Par	Shares	Par	In Capital	Deficit	Equity
Balance as of July 1, 2011	-	-	363,257,654	363,258	23,161,138	(25,977,366)	(2,452,970)
Profit for the year ended June 30, 2012	-	-	-	-	-	202,310	202,310
Balance as of June 30, 2012	-	-	363,257,654	363,258	23,161,138	(25,775,056)	(2,250,660)
Loss for the year ended June 30, 2013	-	-	-	-	-	(157,877)	(157,877)
	-	-	363,257,654	363,258	23,161,138	(25,932,933)	(2,408,537)
Preferred shares issued in exchange for debt	6,500,000	6,500	-	-	915,500	-	922,000
Loss for three months ended September 30, 2013	-	-	-	-	-	(194,522)	(194,522)
Balance as of September 30, 2013	6,500,000	6,500	363,257,654	363,258	24,076,638	(26,127,455)	(1,681,059)

see accompanying notes to financial statements

Note 1 – Organization, Business & Operations

History

The Company was incorporated in Nevada on May 30, 2001, under the name Elli Tsab, Inc., which was subsequently changed to Patient Data Corporation, and thereafter to Fit for Business, Inc. On March 10, 2008, the Company changed its name from Fit for Business, Inc. to Marani Brands, Inc. On March 31, 2008, the common stock underwent a 1-for-250 reverse stock split, and commenced trading on the Over the Counter Bulletin Board under the new symbol "MRIB". On March 11, 2008, the Company formed FFBI Merger Sub Corp., a California corporation, as its wholly-owned subsidiary. FFBI Merger Sub Corp. was formed by the Company for purpose of effectuating a merger transaction by and among the Company and FFBI Merger Sub Corp., on the one hand, and a California corporation known as Margrit Enterprises International, Inc. "(MEI"), on the other hand. On April 4, 2008, the Company, FFBI Merger Sub Corp. and MEI executed, and on April 7, 2008 the parties closed, a three party Merger Agreement. The acquisition of MEI by the Company was completed by the merger of the Company's wholly-owned subsidiary, FFBI Merger Sub Corp. with and into MEI, with MEI remaining as the surviving entity and wholly-owned subsidiary of the Company. The net effect of these transactions is a reverse merger of the Company with MEI. MEI subsequently changed its name to Marani Spirits, Inc., and continues to be the operational arm of the Company.

Business and Products

Prior to the Company's acquisition of MEI, our only business was that of its wholly-owned subsidiary, Fit for Business (Australia) Pty Limited, which is engaged in the development of overall wellness programs for the workplace in Australia. Subsequent to the merger transaction with MEI, the Company's primary business is the worldwide distribution of spirit products manufactured, primarily, in Armenia. Although the Company's current focus is the distribution of vodka, produced in Armenia, future plans include the distribution of alcohol beverage products manufactured in other countries.

Note 2 - Summary of Significant Accounting Policies

<u>Principals of Consolidation</u>

The consolidated financial statements for the periods ended June 30, 2012, June 30, 2013 and September 30, 2013 include the account balances of the Company and its wholly-owned subsidiary, Marani Spirits, Inc. All intercompany transactions have been eliminated in consolidation.

<u>Basis of Presentation</u>

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Company believes that the disclosures are adequate to make the information presented, not misleading. The financial statements reflect all adjustments (consisting primarily of normal recurring adjustments) that are, in the opinion of management necessary for a fair presentation of the Company's financial position and results of operations. The operating results for the years ended June 30, 2012, June 30, 2013 and the three months ended September 30, 2013 are not necessarily indicative of the results to be expected for any other interim period of any future year.

<u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<u>Cost of Sales</u>

Cost of sales is the direct cost associated with the earning of revenue and predominantly includes the cost and transportation of obtaining inventory, the cost of packaging, the cost of obtaining permits, licenses, and other government fees and the related transportation and storage costs to deliver the product to a distributor.

<u>Cash and Cash Equivalents</u>

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less which are not securing any corporate obligations. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

<u>Accounts Receivable</u>

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable as of September 30, 3013, June 30, 2013, and June 30, 2012, includes amounts for product provided to customers but not collected as of those dates. An allowance for doubtful accounts is provided for those accounts receivable considered to be potentially uncollectable based on historical experience and management's evaluation of outstanding accounts receivable at the end of the period. Bad debts are written off against the allowance when identified. The Company determined that an allowance of $35,431 was required as at June 30, 2013.

Prepaid Expenses

Prepaid expenses consist primarily of short-term prepaid expenditures that will amortize within one year.

Inventory

Inventories are stated at the lower of cost or market. Cost is computed on a weighted-average basis, which approximates the first-in, first-out method; market is based upon estimated replacement costs. Costs included in inventory primarily include finished spirit product and packaging.

Property and Equipment

Property and equipment consists primarily of office and computer equipment, and is recorded at historical cost. Major additions and improvements are capitalized as additions to the property and equipment accounts, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation and amortization of property and equipment are computed on a straight-line basis over the following estimated useful lives:

Asset Classification	**Estimated Useful Life**
Furniture and office equipment	Five years
Computer equipment and software costs	Three years
Web-site	Three years
Trade marks	Ten years

Revenue Recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectability is reasonably assured. These terms are typically met upon shipment of finished spirit products to the customer.

Payments received in advance of satisfaction of the relevant criteria for revenue recognition are recorded as advances from customers.

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 income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

Stock-Based Compensation

The Company records stock-based compensation at fair value as of the date of grant and recognizes the corresponding expense over the requisite service period (usually the vesting period), utilizing the Black-Scholes option-pricing model. The volatility component of the calculation is based on the historic volatility of the Company's stock or the expected future volatility. The expected life assumption is primarily based on historical exercise patterns and employee post-vesting termination behavior. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Derivative Accounting

The Company evaluates any long-term purchase contracts pursuant to ASC 815 to determine whether they qualify for derivative accounting. There are no long-term purchase contracts as at September 30, 2013, June 30, 2013 and June 30, 2012.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for accounts receivable and payables, inventory and debt are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and, if applicable, the stated rate of interest is equivalent to rates currently available.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The Company utilizes a three-level valuation hierarchy for disclosures of fair value measurements, defined as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value

The Company does not have any assets or liabilities that are required to be measured and recorded at fair value on a recurring basis.

Loss per Common Share

Basic earnings per share are calculated dividing income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share are based on the assumption that all dilutive convertible shares and stock options and warrants were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, warrants and options are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There were no dilutive shares, options or warrants outstanding as at September 30, 2013, June 30, 2013, and June 30, 2012.

Recently Adopted Accounting Pronouncements

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

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements, during the years ended June 30, 2012 and 2013 and the three months ended September 30, 2013 the Company incurred net losses of $194,522, and 129,765 for the three months ended September 30 and the year ended June 30, 2013 respectively and income of $202,310 for the year ended June 30, 2012. The Company's accumulated deficit was $26,107,251, $26,653,052, and $25,775,056 as of September 30, 2013, June 30, 2013, and June 30, 2012 respectively. If the Company is unable to generate profits and is unable to continue to obtain financing for its working capital requirements, it may have to curtail its business sharply or cease business altogether. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The financial statements do not include any adjustment relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is taking certain steps to provide the necessary capital to continue its operations. These steps included, but are not limited to: 1) focus on sales to minimize the need for capital at this stage; 2) converting part of the outstanding accounts payable to equity; 3) raising equity financing; 4) continuous focus on reductions in cost where possible.

NOTE 4- ACCOUNTS RECEIVABLE AND INVENTORY

Accounts receivable consists of amounts owing by customers for product delivered to them. The Company has evaluated the potential collectability of those amounts and has determined that an allowance of $35,431 is appropriate.
The inventory consists of finished product awaiting delivery to customers.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of:

NOTE 6- RELATED PARTY TRANSACTIONS

NOTE 7 - STOCKHOLDERS' EQUITY

Common stock

There were no issuances of common stock for the six months ended June 30, 2013.

NOTE 8 – CONTINGENCIES

NOTE 17 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date the financial statements were issued and has not identified any reportable events.