

QUARTERLY REPORT OF
AFFINITY BEVERAGE GROUP, INC.
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

A NEVADA CORPORATION

2360 Corporate Circle, Suite 400, Henderson, NV 89074

(888) 406-1138

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ITEM 1. EXACT NAME OF THE ISSUER AND ITS PREDECESSORS

The exact name of the company is Affinity Beverage Group, Inc.

The company was originally incorporated as E Investments, Inc., in the state of Nevada on February 25, 1999. On December 16, 1999, the Company changed its name to Arbor, Inc. On February 19, 2004, the Company changed its name to China Granite Corporation. On June 14, 2006, the Company changed its name to Affinity Beverage Group, Inc.

ITEM 2. ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES

A. Company Headquarters

Our principal executive and administrative offices are located at 2360 Corporate Circle, Suite 400, Henderson, NV 89074.

Email: info@affinitybeverage.com

Website: www.affinitybeverage.com

B. IR Contact

2360 Corporate Circle, Suite 400, Henderson, NV 89074

Phone: (888) 406-1138

Email: info@affinitybeverage.com

Website: www.affinitybeverage.com

ITEM 3. SECURITY INFORMATION

Trading symbol: ABVG

CUSIP: 00831F101

Exact title and class of securities outstanding:

As of the quarter ended June 30, 2016, the capital stock of the company was as follows:

Class: Common stock, \$ 0.001 par value;

Number of shares authorized: 5,000,000,000 shares;

Number of shares outstanding: 1,390,123,132 issued and outstanding;

Freely tradable shares: 1,179,565,668;

Total number of shareholders of record: 248

Transfer Agent: Madison Stock Transfer, Inc.

1688 East 16th Street
Brooklyn, NY 11229
Telephone: (718) 627-4453
FAX: (718) 627-6341

Is the transfer agent registered under the Exchange Act?
Yes.

List any restrictions on the transfer of security:
None.

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

ITEM 4. ISSUANCE HISTORY

The company has not executed any securities offering, either public or private, since December, 2010.

ITEM 5. FINANCIAL STATEMENTS:

AFFINITY BEVERAGE GROUP, INC.

Balance Sheet

June 30, 2016 & December 31, 2015

Unaudited

	June 30, <u>2016</u>	December 31, <u>2015</u>
ASSETS		
Current Assets		
Cash on hand, in bank	\$ 2,154	\$ 2,294
Accounts receivable	10,593	4,384
Inventory	140,486	142,549
Total current assets	153,233	149,226
Fixed Assets	-	-
Other Assets		
Other capitalized costs	49,130	49,130
Investment - Parker Technologies	13,000	13,000
Total other assets	62,130	\$ 62,130
Total assets	215,363	211,356

See accountants' report and notes to financial statements

AFFINITY BEVERAGE GROUP, INC.**Balance Sheet****June 30, 2016 & December 31, 2015****Unaudited**

	June 30, <u>2016</u>	December 31, <u>2015</u>
LIABILITIES		
Current Liabilities		
Accounts payable and Accrued Expenses	271,787	264,091
Other current liabilities	334,257	361,428
Non-convertible debt	220,500	220,500
Current portion - long-term debt	25,000	25,000
Total Current Liabilities	896,544	871,019
Long-term Liabilities		
Convertible debt	380,024	388,000
Total Long-term Liabilities	380,024	388,000
Total liabilities	1,276,568	1,259,019
Preferred stk. Series B	52,500	52,500
STOCKHOLDERS' EQUITY		
Common stock, 1,000,000,000 shares authorized, par value \$.001 1,390,123,132 and 719,051,864 issued and outstanding at 6/30/16 and 12/31/15	1,390,123	719,052
Additional paid in capital	(1,092,326)	(552,593)
Retained earnings (Deficit)	(1,411,502)	(1,266,621)

Total Stockholders' equity	<u>(1,113,705)</u>	<u>(1,100,162)</u>
Total Liabilities and Stockholders' Equity	<u>215,363</u>	<u>\$ 211,356</u>

AFFINITY BEVERAGE GROUP, INC.

Statement of Income

For the Three Months Ended

June 30, 2016 & June 30, 2015

Unaudited

	Three Months Ended	
	June 30,	June 30,
	<u>2016</u>	<u>2015</u>
Revenue	597	982
Total Revenue	<u>597</u>	<u>982</u>
 Cost of Goods Sold		
Total Cost of Goods Sold	<u>358</u>	<u>-</u>
Gross Income	<u>239</u>	<u>982</u>
 Expenses		
Consulting fees	45,000	
General & administrative	7,150	48,271
Insurance expense	42,000	
Interest expense	2,980	7,583
Professional fees	14,425	
Total Expenses	<u>111,555</u>	<u>55,854</u>
 Net earnings (Loss)	<u>(111,316)</u>	<u>(54,872)</u>

**See accountants report and notes to
financials**

AFFINITY BEVERAGE GROUP, INC.

Statement of Income

For the Six Months Ended

June 30, 2016 & March 31, 2015

Unaudited

	Six Months Ended	
	June 30, <u>2016</u>	June 30, <u>2015</u>
Revenue	3,439	982
Total Revenue	<u>3,439</u>	<u>982</u>
 Cost of Goods Sold		
Total Cost of Goods Sold	<u>2,063</u>	<u>-</u>
Gross Income	1,376	982
 Expenses		
Loss on Conversion of debt	13,000	-
Consulting fees	45,000	
General & administrative	25,872	92,566
Insurance expense	42,000	
Interest expense	5,960	15,166
Professional fees	14,425	
Total Expenses	<u>146,257</u>	<u>107,732</u>
 Net earnings (Loss)	<u>(144,881)</u>	<u>(106,750)</u>

**See accountants report and notes to
financials**

AFFINITY BEVERAGE GROUP
Statement of Cash Flows
For the Six Months Ended
June 30, 2016 & June 30, 2015
Unaudited

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Net Income (Loss)	\$ (144,881)	\$ (106,750)
Adjustments to reconcile net Income (Loss) to net cash provided by operations		
Loss on Conversion of debt	13,000	
Legal expense incurred and accrued interest retired upon conversion of debt	4,198	
Cash at Village Tea Company not transferred	(190)	(705)
Accounts receivable	(6,210)	-
Inventory	2,063	-
Accounts payable and accrued expenses	7,696	107,455
Other current liabilities	17,829	-
Net cash provided by operating activities	(106,495)	-
Investing Activities	-	-
Note payable	-	-

Net cash provided by Investment activity

Financing Activities

Common stock issued for services

101,425

Retirement of debt

(25,003)

Net stock proceeds for retirement of debt

29,913

Net cash from financing activity

106,355

Net cash increase for period

(140)

Cash at beginning of period

2,294

Cash at end of period

2,154

AFFINITY BEVERAGE GROUP, INC.

Statement of Stockholders' Equity

June 30, 2016

Unaudited

	Common Stock		Additional	Accum.	Total
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in-Capital</u>	<u>Earnings</u>	<u>Stkhldrs' Equity</u>
Balance at December 31, 2015	719,051,834	\$719,052	\$ (552,593)	\$ (1,266,621)	\$ (1,100,162)
Issuance of shares for conversion of debt	142,508,798	142,509	(112,596)	-	29,913
Issuance of shares for services	528,562,500	528,563	(427,138)		101,425
Net income (loss) – June 2016				(144,881)	(144,881)
Balance at March 31, 2016	1,390,123,132	1,390,123	(1,092,327)	(1,411,502)	(1,113,705)

See accountants report and notes to financial statements

AFFINITY BEVERAGE GROUP, INC.
MARCH 31, 2016
NOTES TO FINANCIAL STATEMENTS

NOTE 1- NATURE OF OPERATIONS

Nature of Operations

The Company was incorporated in the state of Nevada February, 1999. The Company is a holding company organized with a goal of acquiring and managing a diversified portfolio of profitable, growth-oriented companies.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are presented in United States dollars and have been prepared in accordance with generally accepted accounting principles in the United States of America.

NOTE 3 – NON-CONVERTIBLE DEBT

\$220,500 of debt is comprised of the following:

a. Trillium Partners	\$ 63,500
b. Other investors in Village Tea	<u>157,000</u>
Total Short term debt and current portion of long-term debt	<u>\$ 220,500</u>

NOTE 4 – LONG-TERM DEBT

As of June 30, 2016 and December 31, 2015 the Company had convertible debt as follows:

	2016 <u>March 31</u>	2015 <u>December 31</u>
Vic Devlaeminck (attorney for services rendered)	\$335,024	\$340,000
Cutting Edge Business Service	45,000	45,000
Other debt	<u>-</u>	<u>3,000</u>
Total	<u>\$380,024</u>	<u>\$388,000</u>

NOTE 5 – PREFERRED STOCK

In order to acquire Village Tea, the Company issued 525 shares to the former founders and investors of Village Tea. The par value per share is \$100 resulting in a value of \$52,500.

NOTE 6- STOCKHOLDERS' EQUITY

The company's capitalization is 5,000,000,000 common shares with a par value of \$.001 per share.

NOTE 7- SUBSEQUENT EVENTS

Liabilities Purchase Agreement and Accounts Payable

On December 20, 2016, the Circuit Court in the Second Judicial District for Leon County, Florida entered an order approving the stipulation of the parties (the "Stipulation") in the matter of Tarpon Bay Partners ("Tarpon") LLC v. Affinity Beverage, Inc. The Stipulation was done in accordance with Section 3(a)(10) of the Securities Act of 1933. Under the terms of the Stipulation, we agreed to issue to Tarpon, as settlement of certain liabilities owed by us in the aggregate amount of \$350,721.66 (the "Claim Amount"), shares of common stock (the "Settlement Shares"), as well as a promissory note in the principal amount of the \$35,000.00 maturing six months from the date of issuance, as a fee to Tarpon ("Fee Note"). In addition, the Company also issued a promissory note to MD Global Partners of \$7,500.00 under the same terms as the Fee Note. Tarpon had purchased the liabilities from our creditors who were both affiliated and non-affiliated.

Pursuant to the Stipulation entered into by the parties, we agreed to issue to Tarpon, in tranches as necessary, that number of shares of common stock sufficient to generate net proceeds (less a discount of 40%) equal to the Claim Amount, as defined in the Stipulation. The parties reasonably estimated that, should we issue Settlement Shares sufficient to satisfy the entire Claim Amount, the fair market value of such Settlement Shares and all other amounts to be received by Tarpon would equal approximately \$585,000. Notwithstanding anything to the contrary in the Stipulation, the number of shares beneficially owned by Tarpon may not exceed 9.99% of our outstanding shares of common stock at any one time.

On December 23, 2016, the Company issued 165,540,000 shares of common stock to Tarpon under the Stipulation.

ITEM 6. DESCRIBE THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES.

A. DESCRIPTION OF ISSUER'S BUSINESS OPERATIONS.

The Company has recently changed business direction and become a holding company focused on branded consumer product acquisition opportunities in the \$3.4 trillion health and wellness sector.

B. DATE AND STATE OF INCORPORATION

The Company was incorporated in the State of Nevada on March 2, 2006.

C. PRIMARY AND SECONDARY SIC CODES

The Company's primary (and only) SIC code is 5063 (Holding Companies).

D. THE COMPANY'S FISCAL YEAR END DATE

The Company's fiscal year ends on December 31.

E. PRINCIPAL PRODUCTS OR SERVICES AND THEIR MARKETS

The Company primarily targets lifestyle brands, company and/or exclusive product distribution rights focusing on traditional and non-traditional healthy beverage options. The Company will also seek opportunities involving uniquely positioned young brands specializing in all natural/organic foods, bio-food, supplements and personal care products for strategic partnerships, distribution agreements and potential acquisition

F. RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016 COMPARED TO THE PERIOD ENDED JUNE 30, 2015:

Revenues: The Company had revenue of \$3,439 for the period ended June 30, 2016, compared to \$982 in revenue for the period ended June 30, 2015.

Cost of Revenues: The Company incurred costs of sales of \$1,705 for the period ended June 30, 2016 and did not incur any costs of sales for the quarter ended June 30, 2015.

Gross Profit: The Company had gross profit for the period ended June 30, 2016 of \$1,376 compared to \$982 of gross profit for the period ended June 30, 2015.

Operating Costs: Operating costs consist of the Company's administrative expenses before depreciation and interest. Operating costs for the period ended June 30, 2016 totaled \$127,297, compared to operating costs of \$92,566 for the period ended June 30, 2015.

Operating (Loss): The Company produced an operating loss for the period ended June 30, 2016 of (\$125,921), compared to an operating loss of (\$91,584) for the period ended June 30, 2015.

Net Gain (Loss) Before Income Taxes: Net gain or loss before income taxes represents operating gain or loss plus other (non-operating) gain or loss. For the period ended June 30, 2016, the company had a net loss of (\$144,881), compared to a net loss of (\$106,750) for the period ended June 30, 2015.

Liquidity and Capital Resources: During the period ended June 30, 2016, the Company did not produce any cash or cash equivalents from operations.

G. OFF-BALANCE SHEET ARRANGEMENTS

The Company did not engage in any off-balance sheet arrangements during the fiscal six months ended June 30, 2016.

ITEM 7. DESCRIBE THE ISSUER'S FACILITIES

At this time the Company does not have any significant tangible assets and is in the process of identifying suitable targets for acquisition. The Company does not own any real estate and leases office space on a month-to-month basis.

ITEM 8. OFFICERS, DIRECTORS AND CONTROL PERSONS

A. NAMES OF OFFICERS, DIRECTORS AND CONTROL PERSONS

The current president and secretary of the Company Janon Costley, was hired on August 17, 2015. Mr. Janon Costley is the chairman and sole current member of the Board of Directors of the Company.

B. LEGAL/DISCIPLINARY HISTORY

Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

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

NO.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities:

NO.

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:

NO.

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

NO.

C. BENEFICIAL SHAREHOLDERS

Paul Bakajin
512 N. Juanita Avenue, Unit A
Redondo Beach, CA 90277

Mr. Bakajin is the owner of 365,920,000 common shares of the Company.

ITEM 9. THIRD PARTY PROVIDERS

A. Legal Counsel

Vic Devlaeminck
10013 N.E. Hazel Dell Avenue
Suite 317
Vancouver, WA 98685
PH: (503) 806-3533
Email: vic@vicdevlaeminck.com

Hoffman and Weigel
Russ Weigel
5775 Blue Lagoon Dr., Suite 100
Miami, Florida 33126
P. (786) 888-4567

B. Accountant or Auditor

Huynh,Hawkins and Associates International
17011 Beach Blvd, #900
Huntington Beach, CA 92647

C. Investor Relations Consultant

D. Other Advisor(s)

Martin Ekechukwu

B. Accountant or Auditor

C. Investor Relations Consultant

D. Other Advisor(s)

None.

ITEM 10. OTHER INFORMATION

On August 17, 2015, Bill Schaefer resigned from his positions as CEO and director and

Janon Costley was appointed elected to the Board of Directors and hired as the new CEO. It is the intention of new management to change the business direction of the company into a different and more profitable industry after first completing an internal reorganization.

On November 5, 2015,, the Company entered into an agreement with Accelpath, Inc., to acquire its wholly-owned subsidiary, Village Tea Company Distribution, Inc., in an equity exchange. Village Tea Company Distribution, Inc., sources high quality, unique teas that are blended to create distinct flavor combinations which are packaged in a variety of creative and earth-friendly ways for wholesale and retail sales. The brand has been sold in several major retailers in North America including Vitamin Shoppe, Whole Foods and many other independent specialty and grocery store retailers. Its products are also available through e-commerce retailers such as Amazon and the company's own website: www.villageteaco.com.

On April 12, 2016, the Company received final approval from FINRA to change the name of the Company to Affinity Beverage Group, Inc., with a new trading symbol of ABVG and a new CUSIP number of 00831F101. The change is effective April 13, 2016, and will be reflected in future filings after that date.

ITEM 11. EXHIBITS

N/A

ITEM 12. CERTIFICATIONS

I, Janon Costley, certify that:

1. I have reviewed this amended quarterly disclosure statement of Affinity Beverage Group, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly present, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/Janon Costley

Janon Costley, CEO

Dated: December 13, 2016