Apple Rush Company, Inc. and Subsidiary
Consolidated Balance Sheets

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Property and equipment, net	$ 26,930	$ 28,630
Intangible assets	288,235	288,235
Total assets	$ **315,165**	$ **316,865**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 142,006	$ 134,703
Accrued interest	1,012,579	925,230
Payroll taxes payable	1,422	1,422
Other payables	119,349	104,594
Short-term notes payable	100,000	100,000
Convertible notes payable	1,400,868	1,400,868
Derivative liability portion of convertible notes	2,156,820	2,078,470
Total current liabilities	4,933,044	4,745,287
Note payable - long-term	232,114	232,114
Total liabilities	5,165,158	4,977,401
STOCKHOLDERS' DEFICIT		
Preferred stock, Series A, no par value, 10,000,000 shares authorized, issued and outstanding	666,667	666,667
Common stock, no par value, 49,830,000,000 shares authorized, 4,834,689,629 issued and outstanding	9,623,495	9,623,495
Accumulated deficit	(15,140,155)	(14,950,698)
Total stockholders' deficit	(4,849,993)	(4,660,536)
Total liabilities and stockholders' deficit	$ **315,165**	$ **316,865**

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

Apple Rush Company, Inc. and Subsidiary
Unaudited Consolidated Statements of Cash Flows

	For the three months ended June 30,		For the six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Operating Expenses:				
Professional fees	$ 8,189	$ -	$ 22,057	$ -
Depreciation	850	1,678	1,700	3,356
Total Operating Expenses	9,039	1,678	23,757	3,356
Loss from operations	(9,039)	(1,678)	(23,757)	(3,356)
Other Expenses				
Interest expense	43,675	43,675	87,350	87,350
Derivative liability value adjustment	39,175	39,175	78,350	78,350
Total other expenses	82,850	82,850	165,700	165,700
Net Loss	**$ (91,889)**	**$ (84,528)**	**$ (189,457)**	**$ (169,056)**
Net loss per share	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted average shares outstanding	4,834,689,629	4,834,689,629	4,834,689,629	4,834,689,629

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

Apple Rush Company, Inc. and Subsidiary
Consolidated Statements of Stockholders' Deficit
For the Period Ended June 30, 2014 and the Year Ended December 31, 2013

	Common Stock		Series A Preferred Stock		Accumulated	Total Stockholders'
	Shares	**Amount**	**Shares**	**Amount**	**Deficit**	**Deficit**
Balance, December 31, 2012	4,834,689,629	$ 9,623,495	10,000,000	$ 666,667	$ (14,612,587)	$ (4,322,425)
Net loss	-	-	-	-	(338,111)	(338,111)
Balance, December 31, 2013	4,834,689,629	9,623,495	10,000,000	666,667	(14,950,698)	(4,660,536)
Net loss	-	-	-	-	(189,457)	(189,457)
Balance, June 30, 2014	**4,834,689,629**	**$ 9,623,495**	**10,000,000**	**$ 666,667**	**$ (15,140,155)**	**$ (4,849,993)**

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

Apple Rush Company, Inc. and Subsidiary
Unaudited Consolidated Statements of Cash Flows

	For the six months ended June 30,	
	2014	**2013**
Cash Flows From Operating Activities:		
Net loss	$ (189,457)	$ (169,056)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,700	3,356
Change in fair value of derivative liability	78,350	78,350
Change in operating assets and liabilities:		
Accounts payable	7,303	-
Accrued interest	87,349	87,350
Net cash used in operating activities	(14,755)	-
Cash Flows From Investing Activities		
Net cash used in investing activities	-	-
Cash Flows From Financing Activities		
Advances from others	14,755	-
Net cash provided by financing activities	14,755	-
Net Change in Cash	-	-
Cash at Beginning of Period	-	-
Cash at End of Period	$ -	$ -
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ -	$ -

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

Apple Rush Company, Inc. and Subsidiary
Notes to Unaudited Consolidated Financial Statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Basis of Presentation and Principles of Consolidation

The unaudited consolidated financial statements include the accounts of Apple Rush Company, Inc., (the "Company") which is a Texas corporation and its wholly owned subsidiary, Garden Distributing, Inc. ("Garden"), which is an Illinois corporation that has been dissolved. All material intercompany balances and transactions have been eliminated in consolidation.

Nature of Business and Current Operations

The Company develops, bottles, markets, distributes and sells a variety of beverages and snacks to wholesale and retail clients throughout the United States. The Company has a branded product called Apple Rush which is a line of 100% organic sparkling juice blended beverages, with apple juice as the base.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For the purpose of the unaudited consolidated statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash or cash equivalents as of June 30, 2014 and December 31, 2013.

Long Lived Assets

The Company follows Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires those long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Income Taxes

Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Use of Estimates

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

Loss Per Share

The Company utilizes the guidance per FASB Codification “ASC 260 "Earnings Per Share". Basic earnings per share is calculated on the weighted effect of all common shares issued and outstanding, and is calculated by dividing net income available to common stockholders by the weighted average shares outstanding during the period. Diluted earnings per share, which is calculated by dividing net income available to common stockholders by the weighted average number of common shares used in the basic earnings per share calculation, plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding, is not presented separately as it is anti-dilutive.

Accounting for Derivative Instruments

The Company assessed the classification of its derivative financial instruments as of June 30, 2014, which consist of convertible instruments and rights to shares of the Company’s common stock, and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

Fair Value of Financial Instruments

Effective January 1, 2008, the Company adopted FASB ASC 820-Fair Value Measurements and Disclosures, or ASC 820, for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company did not have any Level 2 or Level 3 assets or liabilities as of June 30, 2014, with the exception of its convertible notes payable. The carrying amounts of these liabilities at June 30, 2014 approximate their respective fair value based on the Company's incremental borrowing rate.

Cash is considered to be highly liquid and easily tradable as of June 30, 2014 and therefore classified as Level 1 within our fair value hierarchy.

In addition, FASB ASC 825-10-25 Fair Value Option, or ASC 825-10-25, was effective for January 1, 2008. ASC 825-10-25 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value options for any of its qualifying financial instruments.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities".

Professional standards generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as "The Meaning of "Conventional Convertible Debt Instrument".

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when "Accounting for Convertible Securities with Beneficial Conversion Features," as those professional standards pertain to "Certain Convertible Instruments." Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40 provides that, among other things, generally, if an event is not within the entity's control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2016, and early adoption is not permitted. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company is currently evaluating the impact of adopting this guidance.

In June 2014, the FASB issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period." This ASU provides more explicit guidance for treating share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

3. GOING CONCERN

The Company's unaudited consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has a net loss of $189,457 for the six months ended June 30, 2014, and has an accumulated deficit of $15,140,154 as of June 30, 2014. The Company has not yet established an adequate ongoing source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease development of operations.

4. INCOME TAXES

The Company has incurred significant losses since inception and no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At June 30, 2014, the Company had approximately $15,000,000 of federal and state net operating losses. The net operating loss carryforwards, if not utilized, will begin to expire in 2031.

5. PROPERTY AND EQUIPMENT, NET

	June 30, 2014	December 31, 2013
	(Unaudited)	
Product line artwork	$ 50,995	$ 50,995
Accumulated depreciation	(24,065)	(22,365)
Total	$ 26,930	$ 28,630

Property and equipment is stated at cost less accumulated depreciation and depreciated using straight line methods over the estimated useful lives of the related assets ranging from three to five years.

Maintenance and repairs are expensed currently. The cost of normal maintenance and repairs is charged to operations as incurred. Major overhaul that extends the useful life of existing assets is capitalized. When equipment is retired or disposed, the costs and related accumulated depreciation are eliminated and the resulting profit or loss is recognized in income.

Depreciation expense amounted to $1,700 and $3,356 for the six months ended June 30, 2014 and 2013, respectively, and $850 and $1,678 for the three months ended June 30, 2014 and 2013, respectively.

6. INTANGIBLE ASSETS

Upon formation of the Company, one stockholder contributed licensing rights to the brand name, Apple Rush, and all related intellectual property. The fair value of this asset was determined to be $288,235 based on the value of other cash purchases of stock.

Intangible assets are initially assessed for impairment upon purchase, with subsequent assessments required annually. The Company assesses its intangible assets each reporting period for impairment. For the period ended June 30, 2014, no impairment of the Company's intangible assets was deemed necessary.

Management believes that the remaining intangible assets have no determinable life. Therefore, no amortization is reflected in the financial statements.

7. SHORT-TERM NOTES PAYABLE

The Company entered into two notes payable that came due in September of 2009. Interest is payable monthly at 12.63% on the $95,000 note and 18% on the $100,000 note. The $100,000 note is collateralized by the Company's inventory and is currently in default. The $95,000 note was sold on December 9, 2010 and changed to a convertible note.

8. CONVERTIBLE NOTES PAYABLE

There are currently convertible note agreements with five investors. The Company has the option of making any payments in the Company's common stock rather than cash for all convertible notes. The holders have the option to convert the convertible notes into the Company's common stock.

A $220,000 convertible note came due on September 27, 2008 and has an interest rate of 10% per annum. The conversion price for this convertible note is the lesser of $0.00001 per share or 50% of the market price of the stock. This convertible note has been in default since November 1, 2012.

A convertible note in the amount of $917,493 came due on September 30, 2010 and has an interest rate per month at the higher of 1% (per month), or 0.2% of the first $1,500,000 of gross monthly sales, plus 0.3% of the next $500,000 of gross monthly sales, plus 0.4% of the next $500,000 of gross monthly sales, plus 0.5% of any monthly sales beyond that. This percentage of sales calculation is then multiplied by 9.17493, which is the number of $100,000 of outstanding principle balance of the convertible note. The conversion price for this convertible note is the lesser of $0.10 per share or 50% of the market price of the stock.

The third convertible note in the amount of $70,000 came due on December 30, 2009 and has an interest rate of 10% per annum, payable quarterly starting on April 1, 2009. The conversion price for this convertible note is the lesser of $0.05 per share or 50% of the market price of the stock. This conversion formula also applies to payments of interest and principle by the Company if the Company chooses to pay in shares rather than cash. This convertible note and interest are currently past due.

The holder of the fourth convertible note purchased a $95,000 note and exchanged that for a convertible note on December 9, 2010. It is convertible into common stock at $0.0001 per share.

The fifth convertible note totaling $150,000 is related to a consulting service contract. It is convertible at the lesser of 40% of the current market price or $0.0001 per share.

9. LONG-TERM DEBT

There is a note payable that came about from the asset purchase of Garden Beverage, Inc. and A1 Beverage, Inc. (the "Former Garden"). Payments of $11,810 were payable monthly. Major disagreements between the Company and Former Garden caused the Company to stop making further payments against this note. No payments have been made since 2009. The Company is not sure whether this note will not have to be repaid. Due to these issues, the note will no longer accrue interest and the balance will not be adjusted until either a settlement is reached or a likely settlement amount becomes known. As of June 30, 2014, a balance of $232,114 remains on the consolidated balance sheet.

10. DISCONTINUATION OF SUBSIDIARY

In 2012, the Company wrote off all assets of Garden and all liabilities that the Company is not legally obligated to pay. This caused a gain of $488,850 in 2012 on disposal mainly due to the write-off of old payables.

11. STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 shares of Series A preferred stock. 10,000,000 shares are issued and outstanding as of the June 30, 2014.

Common Stock

The Company is authorized to issue 49,830,000,000 shares of common stock. 4,834,689,629 shares are issued and outstanding as of June 30, 2014.

12. SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date the unaudited condensed consolidated financial statements were available to be issued and notes that there are no subsequent events to note.