

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC.
(Formerly FIMA, INC.)
(A Nevada Corporation)

CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
For the Three Months Ended March 31, 2017 and 2016

TABLE OF CONTENTS

Condensed Balance Sheets as of March 31, 2017 and December 31, 2016 (Unaudited).....	F-1
Condensed Statements of Operations for the Three Months Ended March 31, 2017 and 2016 (Unaudited)	F-2
Condensed Statements of Cash Flows for the Three Months Ended March 31, 2017 and 2016 (Unaudited).....	F-3
Notes to Financial Statements (Unaudited).....	F-4

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)
BALANCE SHEETS
(Unaudited)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 10,417	\$ 5,529
Accounts Receivable	316,800	316,800
Inventory	105,707	68,062
Prepaid expenses	8,779	-
Total current assets	<u>441,703</u>	<u>390,391</u>
Property and equipment, net	<u>5,763</u>	<u>6,220</u>
Total assets	<u>\$ 447,466</u>	<u>\$ 396,611</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 11,117	\$ 15,676
Accrued expenses	136,887	172,943
Deferred revenues	310,680	310,680
Convertible notes payable	980,486	922,486
Total current liabilities	<u>1,439,170</u>	<u>1,421,785</u>
Stockholders' equity (deficit):		
Convertible series B preferred stock, \$0.00001 par value, 100,000 shares authorized, no shares issued and outstanding	-	-
Series E preferred stock, \$0.00001 par value, 1,000,000 shares authorized, 1,000,000 shares issued and outstanding	10	10
Common stock, \$0.00001 par value, 9,950,000,000 shares authorized, 3,590,590,337 and 2,376,609,947 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	35,906	23,766
Additional paid in capital	4,023,469	3,902,297
Subscriptions payable, consisting of 188,700,000 and 122,700,000 shares at March 31, 2017 and December 31, 2016, respectively	1,069,467	996,467
Accumulated deficit	<u>(6,120,556)</u>	<u>(5,947,714)</u>
Total stockholders' equity (deficit)	<u>(91,704)</u>	<u>(1,025,174)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 447,466</u>	<u>\$ 396,611</u>

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

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
Revenue	\$ 3,600	\$ -
Cost of goods sold	1,796	-
Gross profit	1,804	-
Operating expenses:		
General and administrative	16,863	211,285
Compensation	36,941	25,283
Professional fees	94,305	260,000
Depreciation	457	457
Total operating expenses	148,566	497,025
Net operating loss	(146,762)	(497,025)
Other income (expense):		
Interest income	-	-
Interest expense	(26,080)	(302,278)
Total other income (expenses)	(26,080)	(302,278)
Net loss	\$ (172,842)	\$ (799,303)
Weighted average number of common shares outstanding - basic and fully diluted	3,125,990,991	813,103,366
Net loss per share - basic and fully diluted	\$ (0.00)	\$ (0.00)

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

INTERNATIONAL SPIRIT & BEVERAGE GROUP, INC. (Formerly Fima, Inc.)
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (172,842)	\$ (799,303)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	457	457
Amortization of debt discounts	-	117,018
Assumed convertible debt	-	125,000
Stock based compensation	88,000	243,000
(Decrease) increase in assets:		
Inventory	(37,645)	(408)
Prepaid expenses	(8,779)	202,474
Increase (decrease) in liabilities:		
Checks drawn in excess of available funds	-	1,006
Accounts payable	(4,559)	6,042
Accrued expenses	(13,244)	60,260
Deferred revenues	-	600
Net cash used in operating activities	<u>(148,612)</u>	<u>(43,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible notes payable	153,500	34,000
Proceeds from the sale of common stock subscriptions payable	-	7,500
Net cash provided by financing activities	<u>153,500</u>	<u>41,500</u>
NET CHANGE IN CASH	4,888	(2,354)
CASH AT BEGINNING OF PERIOD	<u>5,529</u>	<u>2,354</u>
CASH AT END OF PERIOD	<u>\$ 10,417</u>	<u>\$ -</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Shares owed on subscriptions payable exchanged for convertible debt	<u>\$ 15,000</u>	<u>\$ -</u>
Value of shares issued for conversion of debt	<u>\$ 133,312</u>	<u>\$ 105,550</u>

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

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies

Business

International Spirit & Beverage Group, Inc. (“ISBG”) was formed under the laws of the State of Texas on September 12, 2014. In March 2015, ISBG merged with and into FIMA, Inc., a Nevada corporation, with FIMA, Inc. being the surviving entity. FIMA, Inc. then changed its corporate name to International Spirit and Beverage Group, Inc., and remains a Nevada corporation. (Formerly FIMA Development Incorporated, which was formed under the laws of the State of Nevada on September 18, 2006). On May 9, 2007 FIMA Development Incorporated entered into a “Share Exchange Agreement” with Fishing Buddy Inc. (FBI), another Nevada corporation. FIMA Development Incorporated agreed to sell all of their shares to FBI in exchange for Nineteen Million Five Hundred Thousand (19,500,000) shares of FBI common stock. FBI, after acquiring the stock of FIMA Development Incorporated, then filed a Corporate Resolution and Certificate of Amendment with the State of Nevada on May 10, 2007 to change the Corporation’s name to FIMA, Inc. (the “Company” or “FIMA”). FIMA’s primary business was that of real estate development and acquisition, with a focus on resort regions in Central America and Mexico. The Company also made investments in private or public companies by way of equity or debt, and in 2014 concluded the purchase of an equity interest in American Eagle Operating LLC, a private oil production and exploration company headquartered in Texas.

Basis of Presentation

The accompanying unaudited, condensed financial statements of International Spirit & Beverage Group, Inc. (“the Company”) have been prepared pursuant to rules and regulations of the Securities and Exchange Commission (“SEC”) and, therefore, do not include all information and footnote disclosures normally included in audited financial statements. However, these statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these statements be read in conjunction with the financial statements included in the Company’s Annual Report for the year ended December 31, 2016.

Use of Estimates

The preparation of 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 the 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.

Cash and Cash Equivalents

The Company maintains cash balances in non-interest-bearing accounts, which do not currently exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company’s financial statements as reflected herein. The carrying amounts of cash, prepaid expenses and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short term nature of the instruments.

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an “as if converted” basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Revenue Recognition

Sales on fixed price contracts are recorded when services are earned, the earnings process is complete or substantially complete, and the revenue is measurable and collectability is reasonably assured. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue from sales in which payment has been received, but the earnings process has not occurred. Amounts billed in advance of the period in which service is rendered are recorded as a liability under “Deferred revenues”.

Advertising and Promotion

All costs associated with advertising and promoting products are expensed as incurred. These expenses were \$22,715 and \$191,564 for the three months ended March 31, 2017 and 2016, respectively.

Stock-Based Compensation

Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company’s stock based compensation expense was \$88,000 and \$243,000 for the three months ended March 31, 2017 and 2016, respectively.

Income Taxes

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. 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. A valuation allowance is provided for significant deferred tax assets when it is more likely than not, that such asset will not be recovered through future operations.

Uncertain Tax Positions

In accordance with ASC 740, “Income Taxes” (“ASC 740”), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company’s income tax returns. These audits include questions regarding the Company’s tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities.

The assessment of the Company’s tax position relies on the judgment of management to estimate the exposures associated with the Company’s various filing positions.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2017-04, *Intangibles – Goodwill and Other (Topic 350)*. ASU 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendment should be applied on a prospective basis. ASU 2017-04 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company intends to early adopt the ASU in 2017.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for the Company in the first quarter of 2018. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

No other new accounting pronouncements, issued or effective during the three months ended March 31, 2017 and 2016, have had or are expected to have a significant impact on the Company’s financial statements.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has insufficient cash on hand, a working capital deficit of \$997,467 and incurred net losses from operations resulting in an accumulated deficit of \$6,120,556, and used \$148,612 of cash from operations during the three months ended March 31, 2017. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful; therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company’s ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Related Parties

Preferred Stock Issuance

On March 6, 2015, the Company issued 1,000,000 shares of Series E Preferred Stock to Alonzo Pierce, the Company’s President and Chairman of the Board for services provided.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 4 – Fair Value of Financial Instruments

Under FASB ASC 820-10-5, fair value is defined 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 (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company has certain financial instruments that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of March 31, 2017 and December 31, 2016, respectively:

	Fair Value Measurements at March 31, 2017		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 10,417	\$ -	\$ -
Total assets	10,417	-	-
Liabilities			
Convertible note payable, net of discounts	-	980,486	-
Total liabilities	-	980,486	-
	\$ 10,417	\$ (980,486)	\$ -
	Fair Value Measurements at December 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Cash	\$ 5,529	\$ -	\$ -
Total assets	5,529	-	-
Liabilities			
Convertible note payable, net of discounts	-	922,486	-
Total liabilities	-	922,486	-
	\$ 5,529	\$ (922,486)	\$ -

The fair values of our related party debts are deemed to approximate book value, and are considered Level 2 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the three months ended March 31, 2017 and the year ended December 31, 2016.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 5 – Deferred Revenues

Product sales are generally recognized upon shipment of product. However, the Company defers recognition of revenues from sales to stocking distributors until such distributors resell the related products to their customers. The Company has deferred recognition of revenues amounting to \$310,680 as of March 31, 2017.

Note 6 – Convertible Notes Payable

Convertible notes payable consist of the following at March 31, 2017 and December 31, 2016, respectively:

	March 31, 2017	December 31, 2016
On March 27, 2017, we entered into a Convertible Debenture with Carriage Consulting Group (“Fifth CCG Note”). The Note bears interest at 10%, with a maturity date of March 27, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	\$ 7,500	\$ -
On March 23, 2017, we entered into a Convertible Debenture with Carriage Consulting Group (“Fourth CCG Note”). The Note bears interest at 10%, with a maturity date of March 23, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	15,000	-
On March 21, 2017, we entered into a Convertible Debenture with an individual investor (“Third Goodkin Note”). The Note bears interest at 8%, with a maturity date of March 21, 2018, is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	4,000	-
On March 20, 2017, we entered into a Convertible Debenture with Carriage Consulting Group (“Third CCG Note”). The Note bears interest at 10%, with a maturity date of March 20, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	5,000	-
On March 11, 2017, we entered into a Convertible Debenture with BB Winks, LLC (“Ninth BB Winks Note”). The Note bears interest at 10%, with a maturity date of March 11, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	5,000	-
On March 13, 2017, we entered into a Convertible Debenture with Post Oak, LLC (“Fifth Post Oak Note”). The Note bears interest at 10%, with a maturity date of March 13, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	20,000	-
On March 2, 2017, we entered into a Convertible Debenture with Carriage Consulting Group (“Second CCG Note”). The Note bears interest at 10%, with a maturity date of March 2, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	5,000	-
On February 28, 2017, we entered into a Convertible Debenture with an individual investor (“Third Pellicci Note”). The Note bears interest at 8%, with a maturity date of February 28, 2018, is convertible at the lesser of a) \$0.01 per	5,000	-

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.		
On February 27, 2017, we entered into a Convertible Debenture with Post Oak, LLC (“Fourth Post Oak Note”). The Note bears interest at 10%, with a maturity date of February 27, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	36,000	-
On February 23, 2017, we entered into a Convertible Debenture with BB Winks, LLC (“Eighth BB Winks Note”). The Note bears interest at 10%, with a maturity date of February 23, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	7,500	-
On February 16, 2017, we entered into a Convertible Debenture with Detres Entertainment (“Second Detres Note”). The Note bears interest at 10%, with a maturity date of February 16, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share or more than \$0.01 per share.	10,000	-
On February 15, 2017, we entered into a Convertible Debenture with Detres Entertainment (“First Detres Note”). The Note bears interest at 10%, with a maturity date of February 15, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share or more than \$0.01 per share.	10,000	-
On February 6, 2017, we entered into a Convertible Debenture with Post Oak, LLC (“Third Post Oak Note”). The Note bears interest at 10%, with a maturity date of February 6, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	7,500	-
On January 24, 2017, we entered into a Convertible Debenture with BB Winks, LLC (“Seventh BB Winks Note”). The Note bears interest at 10%, with a maturity date of January 24, 2018, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	5,000	-
On January 20, 2017, we entered into a Convertible Debenture with an individual investor (“Second Pellicci Note”). The Note bears interest at 8%, with a maturity date of January 20, 2018, is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	2,000	-
On January 5, 2017, we entered into a Convertible Debenture with an individual investor (“First Boehmer Note”). The Note bears interest at 8%, with a maturity date of January 5, 2018, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	5,000	-
On January 4, 2017, we entered into a Convertible Debenture with an individual investor (“First Pellicci Note”). The Note bears interest at 8%, with a maturity date of January 4, 2018, is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	4,000	-
On December 13, 2016, we entered into a Convertible Debenture with an individual investor (“Second Goodkin Note”). The Note bears interest at 8%,	7,500	7,500

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

with a maturity date of December 13, 2017, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.		
On November 9, 2016, we entered into a Convertible Debenture with an individual investor (“Second Easter Note”). The Note bears interest at 8%, with a maturity date of November 9, 2017, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	5,500	5,500
On August 12, 2016, we entered into a Convertible Debenture with LOMA Management Partners (“Fifth LOMA Note”). The Note bears interest at 8%, with a maturity date of August 12, 2018, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	2,750	2,750
On July 20, 2016, we entered into a Convertible Debenture with LOMA Management Partners (“Fourth LOMA Note”). The Note bears interest at 10%, with a maturity date of July 20, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice.	12,500	12,500
On June 27, 2016, we entered into a Convertible Debenture with Far North Global, LLC (“First Global Note”). The Note bears interest at 8%, with a maturity date of April 14, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	16,000	16,000
On June 6, 2016, we entered into a Convertible Debenture with BB Winks, LLC (“Sixth BB Winks Note”). The Note bears interest at 10%, with a maturity date of June 6, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	3,000	3,000
On May 20, 2016, we entered into a Convertible Debenture with BB Winks, LLC (“Fifth BB Winks Note”). The Note bears interest at 10%, with a maturity date of May 20, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	2,500	2,500
On May 20, 2016, we entered into a Convertible Debenture with BB Winks, LLC (“Fourth BB Winks Note”). The Note bears interest at 10%, with a maturity date of May 20, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	20,000	20,000
On May 20, 2016, we assumed a \$29,000 Convertible Debenture from Top Shelf Brands Holdings Corporation as owed to Steve and Monica Mazzo (“First Mazzo Note”) that originated on October 20, 2014. The Note bears interest at 12%, with a maturity date of October 20, 2017, is convertible at the lesser of a) \$0.0001 per share or b) 50% of the closing bid price over the ten (10) trading days preceding the conversion notice, but not less than \$0.0001 per share. On May 20, 2016, a total of \$14,500 of principal was converted into 145 million shares. The note is currently in default.	14,500	14,500
On May 12, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Seventh ValueCorp Note”). The Note bears interest at 8%, with a maturity date of May 12, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the closing bid price at the time of conversion.	3,000	3,000
On May 9, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Sixth ValueCorp Note”). The Note bears interest at 8%, with a	2,000	2,000

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

maturity date of May 9, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.		
On May 6, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Fifth ValueCorp Note”). The Note bears interest at 8%, with a maturity date of May 6, 2017, and is convertible at 50% of the lowest traded price over the 10 trading days preceding the conversion notice.	3,000	3,000
On April 14, 2016, we entered into a Convertible Debenture with Rockwell Capital Partners (“Sixth Rockwell Note”). The non-interest bearing Note with a maturity date of April 14, 2018, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	10,000	10,000
On March 12, 2016, we entered into a Convertible Debenture with Sign and Drive Motors Inc. (“Third Sign and Drive Note”). The non-interest bearing Note with a maturity date of March 12, 2018, is convertible at 50% of the lowest traded price over the 10 preceding trading days.	2,000	2,000
On March 4, 2016, we entered into a Convertible Debenture with Sign and Drive Motors Inc. (“Second Sign and Drive Note”). The non-interest bearing Note with a maturity date of March 4, 2018, is convertible at 50% of the lowest traded price over the 10 preceding trading days.	7,000	7,000
On February 12, 2016, we entered into a Convertible Debenture with ValueCorp Trading Co (“Fourth ValueCorp Note”). The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the closing bid price at the time of conversion.	2,500	2,500
On February 12, 2016, we entered into a Convertible Debenture with Blackbridge Capital, LLC (“First Blackbridge Note”) who purchased and was assigned a \$1,000 of debt from the First ODM Note. The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share. The note is currently in default.	1,000	1,000
On February 12, 2016, we entered into a Convertible Debenture with BB Winks, LLC (“Third BB Winks Note”). The Note bears interest at 10%, with a maturity date of February 12, 2017, and is convertible at the lesser of a) \$0.01 per share or b) 60% of the current bid price at the time of conversion, but not less than \$0.0001 per share.	2,500	2,500
On January 7, 2016, we entered into a Convertible Debenture with an individual investor (“First Barker Note”). The Note bears interest at 10%, with a maturity date of January 7, 2018, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice.	15,000	15,000
On December 15, 2015, we entered into a Convertible Debenture with TB Financial, LLC (“First TB Note”). The Note bears interest at 8%, with a maturity date of December 15, 2016, is convertible at 50% of the lowest traded price over the ten (10) trading days preceding the conversion notice. The note is currently in default.	5,000	5,000
On December 13, 2015, we entered into a Convertible Debenture with an individual investor (“Second Odom Note”). The Note bears interest at 10%, with a maturity date of December 13, 2016, is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	17,500	17,500

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

On December 9, 2015, we entered into a Convertible Debenture with an individual investor (“First Odom Note”). The Note bears interest at 10%, with a maturity date of December 9, 2016, is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	12,500	12,500
On December 2, 2015, we entered into a Convertible Debenture with ValueCorp Trading Co (“Third ValueCorp Note”). The Note bears interest at 10%, with a maturity date of December 2, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the closing bid price at the time of conversion. The note is currently in default.	12,500	12,500
On November 13, 2015, we entered into a Convertible Debenture with LOMA Management Partners (“Third LOMA Note”). The Note bears interest at 10%, with a maturity date of November 13, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	15,000	30,000
On November 4, 2015, we entered into a Convertible Debenture with BB Winks, LLC (“Second BB Winks Note”). The Note bears interest at 10%, with a maturity date of November 4, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share. The note is currently in default.	5,000	5,000
On October 20, 2015, we entered into a Convertible Debenture with BB Winks, LLC (“First BB Winks Note”). The Note bears interest at 10%, with a maturity date of October 20, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the current bid price at the time of conversion, but not less than \$0.0001 per share. The note is currently in default.	-	15,000
On October 14, 2015, we entered into a Convertible Debenture with Post Oak, LLC (“Second Post Oak Note”). The Note bears interest at 8%, with a maturity date of October 14, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	45,000	45,000
On October 10, 2015, we entered into a Convertible Debenture with Carriage Consulting Group (“First CCG Note”). The Note bears interest at 10%, with a maturity date of October 10, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the closing bid price at the time of conversion. The note is currently in default.	-	30,000
On September 14, 2015, we entered into a Convertible Debenture with ValueCorp Trading Co (“Second ValueCorp Note”). The Note bears interest at 10%, with a maturity date of September 15, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the closing bid price at the time of conversion. The note is currently in default.	-	8,000
On September 3, 2015, we entered into a Convertible Debenture with Post Oak, LLC (“Second Post Oak Note”). The Note bears interest at 8%, with a maturity date of September 3, 2016, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	250,000	250,000
On July 17, 2015, we entered into a Convertible Debenture with an individual investor (“Second Fischer Note”). The Note bears interest at 10%, with a maturity date of July 17, 2016, is convertible at 50% of the lowest bid price on	-	2,500

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

the date immediately preceding the conversion notice. The note is currently in default.		
On July 15, 2015, we entered into a Convertible Debenture with an individual investor (“First Fischer Note”). The Note bears interest at 10%, with a maturity date of July 15, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.	-	2,500
On June 30, 2015, we entered into a Convertible Debenture with an individual investor (“Second Roth Note”). The Note bears interest at 10%, with a maturity date of June 30, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.	-	5,000
On June 29, 2015, we entered into a Convertible Debenture with Strategic Tactical Asset Trading, LLC (“First STAT Note”). On February 9, 2016, the lender converted \$250 principal for 25 million shares of common stock. The Note bears interest at 10%, with a maturity date of June 29, 2016, and is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.	4,750	4,750
On May 22, 2015, we entered into a Convertible Debenture with Ray Ciarello (“First Ciarello Note”). The Note bears interest at 8%, with a maturity date of May 22, 2016, and is convertible at the lesser of \$0.01 or 50% of the lowest market value over the 25 trading days immediately preceding the conversion notice. The note is currently in default.	7,500	-
On May 22, 2015, we entered into a Convertible Debenture with Nick Wallace (“First Wallace Note”). On February 22, 2017, the lender assigned, and \$8,300, consisting of \$7,500 principal and \$800 of interest, was converted for 83 million shares of common stock. The Note carried interest at 8%, with a maturity date of May 22, 2016, and was convertible at the lesser of \$0.01 or 50% of the lowest market value over the 25 trading days immediately preceding the conversion notice.	-	-
On May 5, 2015, we entered into a Convertible Debenture with LOMA Management Partners (“Second LOMA Note”). The Note bears interest at 8%, with a maturity date of November 5, 2015, and is convertible at the lesser of a) \$0.01 per share or b) 50% of the lowest bid price over the fifteen (15) trading days preceding the conversion notice. The note is currently in default.	20,000	20,000
On April 27, 2015, we entered into a Convertible Debenture with an individual investor (“First Sign & Drive Note”). The Note bears interest at 10%, with a maturity date of April 27, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.	-	15,000
On April 27, 2015, we entered into a Convertible Debenture with an individual investor (“First Goodkin Note”). The Note bears interest at 10%, with a maturity date of April 27, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. A total of \$5,000 was repaid on September 25, 2016 in cash. The note is currently in default.	-	10,000
On April 8, 2015, we entered into a Convertible Debenture with an individual investor (“First Roth Note”). The Note bears interest at 10%, with a maturity date of April 8, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. On February 9, 2016, the lender converted \$250 principal for 25 million shares of common stock. The note is currently in default.	2,250	2,250

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

<p>On March 20, 2015, we entered into a Convertible Debenture with an individual investor (“Second Rosenthal Note”). The Note bears interest at 10%, with a maturity date of March 20, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.</p>	8,500	8,500
<p>On March 6, 2015, we entered into a Convertible Debenture with MVD Group, LLC (“First MVD Note”). The Note bears interest at 12%, with a maturity date of March 6, 2016, and is convertible at the greater of a) \$0.0001 per share or b) 50% of the lowest bid price over the ten (10) days immediately preceding the conversion notice. The note is currently in default.</p>	10,000	10,000
<p>On February 23, 2015, we entered into a Convertible Debenture with an individual investor (“First Rosenthal Note”). The Note bears interest at 10%, with a maturity date of February 23, 2016, is convertible at 50% of the lowest bid price on the date immediately preceding the conversion notice. The note is currently in default.</p>	12,500	12,500
<p>On January 26, 2015, we entered into an Amended and Restated Convertible Debenture with Plus Odds, Inc. to amend and restate the convertible debenture issued to Plus Odds, Inc. (“First Plus Odds Note”), pursuant to which a total of 280,850,000 shares of common stock previously held by First Plus Odds and its affiliates were cancelled and returned to treasury in exchange for the convertible promissory note bearing interest at 3% per annum. The Note has a maturity date of January 31, 2016, and is convertible at the greater of (i) an amount equal to the volume weighted average price (the “VWAP”) of the closing bid price on the trading day immediately preceding the conversion notice (up to \$50K convertible per day, providing the VWAP is not below \$0.50 per share) or (ii) fifty cents (\$0.50) per share. On March 23, 2017, the Company and the holder agreed to amend the note to extend the maturity date to January 15, 2018, increased the interest rate to 8%, payable quarterly, and revised the conversion terms to enable the holder to convert up to \$25,000 at a time at a conversion rate equal to 50% of the lowest closing traded price over the preceding 15 days from the conversion notice.</p>	265,000	265,000
<p>On December 10, 2013, we entered into a Consolidated Convertible Note Agreement with Don Morrison (“First Morrison Note”), pursuant to which we settled \$9,364 of outstanding accounts payable owed to Mr. Morrison in exchange for a convertible promissory note bearing interest at 10% per annum. The Note had a maturity date of January 10, 2015, and is convertible at the lesser of (i) \$0.00001 per share or (ii) fifty percent (50%) of the average closing bid price for the Company’s common stock over the ten (10) trading days immediately preceding (a) the Holder’s receipt of shares pursuant to such Conversion or payment, or (b) Notice of such Conversion. The Note can be prepaid by us at a 150% premium after one year from the origination date of the note with a thirty (30) day written notice. The note holder sold and assigned the note to a third party (“First ODM Note”) who subsequently converted a total of \$6,128 in exchange for an aggregate of 289,264,500 shares on various dates between March 10, 2015 and May 22, 2016. In addition, another \$1,000 of principal was sold and assigned to a third party (Blackbridge Note #1) on February 12, 2016. Currently in default.</p>	2,236	2,236
<p>Convertible notes payable, less current portion</p>	<u>\$ 922,486</u>	<u>\$ 922,486</u>

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

The shares of common stock issuable upon conversion of the Notes listed above will be restricted securities as defined in Rule 144 promulgated under the Securities Act of 1933. The terms of each convertible note placed a “maximum share amount” on the note holder that can be owned as a result of the conversions to common stock by the note holder of 4.99% of the issued and outstanding shares of the Company.

The Company recognized interest expense for the three months ended March 31, 2017 and 2016, respectively, as follows:

	March 31, 2017	March 31, 2016
Interest on related party loans	\$ -	\$ -
Interest on convertible notes	26,080	60,260
Finance costs, assumed convertible debt	-	125,000
Amortization of beneficial conversion features of debts	-	117,018
Total interest expense	\$ 26,080	\$ 302,278

Note 7 – Changes in Stockholders’ Equity (Deficit)

Convertible Series B Preferred Stock

On August 16, 2016, the Company designated 100,000 shares of its 50,000,000 authorized shares of Preferred Stock as Convertible Series B Preferred Stock (“Series B”) with a \$5.00 par value.

Series E Preferred Stock

Pursuant to an amendment to the Company’s Articles of Incorporation on March 6, 2015, the Company has 50,000,000 authorized shares of Preferred Stock, of which 1,000,000 shares of \$0.00001 par value Series E Preferred Stock (“Series E”) have been designated and issued. The Series E ranks subordinate and junior to all of the Corporation’s common stock, carries no dividends, has no liquidation participation rights and are not redeemable. The collective outstanding shares of Series E Preferred Stock are entitled to twice the number of votes of all outstanding shares of capital stock such that the holders of outstanding shares of Series E shares shall always constitute sixty-six and two thirds (66 2/3rds) of the voting rights of the Corporation. The holders of shares of Common Stock and Series E Preferred Stock shall vote together and not as separate classes.

On March 6, 2015, the Company issued 1,000,000 shares of Series E Preferred Stock to Alonzo Pierce, the Company’s President and Chairman of the Board for services provided.

Common Stock

Pursuant to an amendment to the Company’s Articles of Incorporation on May 17, 2017, the Company has 9,950,000,000 authorized shares of \$0.00001 par value Common Stock.

Common Stock Issuances for Debt Conversions

During the three months ended March 31, 2017, the Company issued a total of 1,313,980,390 shares of common stock pursuant to the conversion of an aggregate \$133,312 of debt conversions, consisting of \$110,500 of principal and \$22,812 of interest. The notes were converted in accordance with the conversion terms; therefore no gain or loss has been recognized.

Common Stock Issuances for Services

On February 8, 2017, the Company granted 80 million shares of common stock to an attorney for services rendered. The fair value of the common stock was \$88,000 based on the closing price of the Company’s common stock on the date of grant. The shares were subsequently issued on April 12, 2017 and the fair value was presented as subscriptions payable as of March 31, 2017.

Common Stock Cancellations

On February 23, 2017, the Company cancelled a total of 50 million shares of common stock previously issued for non-performance of services.

On February 10, 2017, the Company cancelled 50 million shares of common stock previously issued for non-performance of services.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 8 – Income Taxes

The Company accounts for income taxes under FASB ASC 740-10, which requires use of the liability method. FASB ASC 740-10-25 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences.

For the three months ended March 31, 2017 and the year ended December 31, 2016, the Company incurred a net operating loss and, accordingly, 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 March 31, 2017 and December 31, 2016, the Company had approximately \$1,570,000 and \$1,485,000 of federal net operating losses, respectively. The historical federal net operating loss was lost upon the subsequent merger and dissolution of FIMA, Inc. The net operating loss carry forwards, if not utilized, will begin to expire in 2034.

The components of the Company’s deferred tax asset are as follows:

	March 31, 2017	December 31, 2016
Deferred tax assets:		
Net operating loss carry forwards	\$ 549,500	\$ 519,000
Net deferred tax assets before valuation allowance	\$ 549,500	\$ 519,000
Less: Valuation allowance	(549,500)	(519,000)
Net deferred tax assets	\$ -	\$ -

Based on the available objective evidence, including the Company’s history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at March 31, 2017 and December 31, 2016, respectively.

A reconciliation between the amounts of income tax benefit determined by applying the applicable U.S. and state statutory income tax rate to pre-tax loss is as follows:

	March 31, 2017	December 31, 2016
Federal and state statutory rate	35%	35%
Change in valuation allowance on deferred tax assets	(35%)	(35%)

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no uncertain tax positions.

International Spirit & Beverage Group, Inc.
(Formerly FIMA, Inc.)
Notes to Financial Statements
(Unaudited)

Note 9 – Subsequent Events

Amendment to Articles of Incorporation

On May 17, 2017, the Company amended its Articles of Incorporation to increase its authorized shares of \$0.00001 par value Common Stock from 4,950,000,000 shares to 9,950,000,000 authorized shares.

Common Stock Issuances for Debt Conversions

Over various dates from April 1, 2017 through May 12, 2017, the Company issued a total of 1,362,416,348 shares of common stock pursuant to the conversion of an aggregate \$107,556 of debt, consisting of \$103,089 of principal and \$4,467 of interest on debt conversions. The notes were converted in accordance with the conversion terms; therefore no gain or loss has been recognized.

Settlement Agreement

In April of 2017, the Company entered into a settlement agreement with regard to disputed compensation owed to a former employee.

Product Sales

On April 6, 2017, the Company shipped a total of 195 cases on a March 29, 2017 sales order, resulting in proceeds of \$23,520. The sales will be recognized during the 2nd quarter when the product was shipped.