

BRAINYBRAWN, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,912	\$ 3,641
Accounts receivable	121,190	94,437
Other current assets	1,234	1,234
Total current assets	128,336	99,312
EQUIPMENT (net of accumulated depreciation)	6,926	7,275
Other assets:		
Other assets	4,756	4,805
Total other assets	4,756	4,805
Total assets	\$ 140,018	\$ 111,392
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 60,585	\$ 63,251
Accrued expenses	781,322	724,849
Notes payable	38,652	38,632
Total current liabilities	880,559	826,732
Total liabilities	880,559	826,732
Stockholders' deficit:		
Preferred stock, \$.0001 value, authorized 25,000,000 and none issued and outstanding; as of September 30, 2015 and March 31, 2015, respectively	-	-
Common stock, \$.0001 par value, authorized 500,000,000 shares and 423,504,453 and 366,438,753 issued and outstanding as of September 30, 2015 and March 31, 2015, respectively	42,350	36,644
Additional paid-in capital	12,123,490	12,071,405
Preference shares dividend	(23,888)	(23,888)
Deficit accumulated during development stage	(12,882,493)	(12,799,501)
Total stockholders' deficit	(740,540)	(715,340)
Total liabilities and stockholders' deficit	\$ 140,018	\$ 111,392

**These unaudited financials may vary significantly from audited ones
if, and when, completed.**

See accompanying notes to consolidated financial statements.

BRAINYBRAWN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the period ended September 30, <u>2015</u>
Revenue	
Sales	\$ 11,175
	<u>11,175</u>
Gross Profit	<u>11,175</u>
Operating expenses:	
Sales, general and administrative	30,805
Operations	23,979
	<u>54,784</u>
Net loss	<u>\$ (43,609)</u>

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See accompanying notes to consolidated financial

BRAINYBRAWN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the period ended September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (43,609)
Adjustments to reconcile net loss to net cash used in operating activities and consolidation:	(39,383)
Changes in operating assets and liabilities:	
Decrease (increase) in Accounts Receivable	(26,753)
Decrease (increase) Other current assets	49
Increase (decrease) in accounts payable	(2,666)
Increase (decrease) in accrued expenses	56,473
Net cash used in operating activities	(55,889)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipments	349
Net cash used in investing activities	349
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from stock issuance	57,792
Repayments of notes payable - related party	20
Dividends Paid	-
Net cash provided by financing activities	57,812
NET CHANGE IN CASH	2,271
CASH AT BEGINNING OF YEAR	3,641
CASH AT END OF YEAR	\$ 5,912
SUPPLEMENTAL INFORMATION:	
Interest paid	\$ -
Income taxes paid	\$ -

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audited ones if, and when, completed.**

See accompanying notes to consolidated financial statements.

BrainyBrawn, Inc.
Notes to the Unaudited Consolidated Financial Statements for the Period Ended
September 30, 2015

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated in Delaware on January 19, 1999 as Brainybrawn.Com, Inc., and subsequently changed its name to Brainybrawn, Inc., on December 8, 2000. The Company is a custom technology company providing customized web, client-server, and software solutions for a range of industries. The Company's wholly owned subsidiary, Sanvi InfoTech Pvt., Ltd., was acquired in 2009, with approval to record share purchase transaction in Sanvi Infotech Pvt., Ltd's books, pursuant to the rules and guidelines of the Reserve Bank of India, on 11 March 2010. Sanvi Infotech Pvt. Ltd's operations are maintained in Dehradun, India.

As of September 30, 2015, the Company had negative working capital and a stockholders' deficiency of \$12,882,493. Further, from inception to September 30, 2015, the Company continued to incur losses. These factors create uncertainty as to the Company's ability to continue as a going concern.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

The financial statements have been prepared on a "going concern" basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as of September 30, 2015, the Company had negative working capital and a stockholders' deficiency of \$12,882,493. Further, from inception to September 30, 2015, the Company continued to incur losses. These factors create uncertainty as to the Company's ability to continue as a going concern. The Company plans to improve its financial condition by obtaining new financing either by a private placement or public offering of its common stock. Also, the Company plans to offer new services and pursue certain acquisition prospects to attain profitable operations. However, there is no assurance that the Company will be successful in accomplishing these objectives. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

This summary of accounting policies for BrainyBrawn, Inc. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Principles of Consolidation

The accompanying unaudited consolidated financial statements of the Company include the accounts of its subsidiary. In the opinion of management all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial statements for the years herein have been made.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles

BrainyBrawn, Inc.
Notes to the Unaudited Consolidated Financial Statements for the Period Ended
September 30, 2015

required 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, including estimates of foreign currency fluctuations during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

Property and Equipment, Net

Property and Equipment Property and equipment, net is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. However, the same is calculated for Sanvi Infotech Pvt. Ltd as per the relevant guidelines of the applicable Company Act of India.

Revenue Recognition

The Company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred, the fee is determinable, collectability is reasonably assured and there are no significant remaining performance obligations.

In the fiscal quarter ending September 30, 2015, the Company generated and recognized a significant majority of its revenues from a company in which the chief executive officer and director of the Company is also an officer, director and majority shareholder. A significant majority of accounts receivable are also attributable to the same Company.

Employment Agreement

On February 1, 2000, the Company executed an Employment Agreement with its chief executive officer for a minimum term of 24 months. Among other things, the agreement entitles the CEO to 10 months salary and any stock option vested or to vest in the year the Agreement is terminated without cause.

Income Taxes

Income taxes are accounted for under the assets and liability method. Current income taxes are provided in accordance with the laws of the respective taxing authorities. Deferred income taxes are provided for the estimated 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 in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

NOTE 3 - INCOME TAXES

As of September 30, 2015, the Company had a net operating loss carryforward for income tax reporting purposes of approximately \$12,882,493 that may be offset against future taxable income until a certain period. Current tax laws limit the amount of loss available to be offset against future taxable income when

BrainyBrawn, Inc.
Notes to the Unaudited Consolidated Financial Statements for the Period Ended
September30, 2015

a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carryforwards will expire unused.

NOTE 4 - COMMITMENTS

The Company currently maintains office space on a month-to-month basis at normal market rates.

The Company presently occupies office space in Allentown, Pennsylvania under a month to month agreement at a monthly rent of \$200.

The Company's mailing address is in Houston, Texas under a month to month agreement at a monthly rent of \$15.

The Company's subsidiary, Sanvi Infotech Pvt. Ltd occupies office space in Dehradun, Utrakhand, India under an annual lease at annual rent of INR 150,000 or INR 12,500 per month.

NOTE 5 – NOTES PAYABLE

The convertible note payable bears interest at 9% and was due to Sunset Beach Investments LTD., the lender on October 21, 2007. In June 2007, \$7,500 of the note was converted into 274,580 shares of the Company's common stock. The remaining balance of \$7,500 continues to accrue interest at 9% and may be converted at the lender's discretion. The Company, prior to September 30, 2015 has approved the Lender's request to assign the entire principal of the \$7,500 and a portion of the accrued and payable interest on the convertible note to five unrelated and unaffiliated parties. As on September 30, 2015 the total interest accrued on the said note payable was \$ 1269.7.

In August 13, 2015, the Company, upon the request of the debenture holder, issued 13,815,700 shares in lieu of full conversion of the outstanding \$50,000 principal and \$2,500 accrued interest on a 5% Convertible Debenture issued in August 2014 to a single unaffiliated party issued. The conversion of the entire principal and interest was done at \$0.0038 per share.

On April 6, 2015, the Company issued a 7.5% Convertible Debenture to a single unaffiliated party in the principal amount of \$ 27,500. The convertible promissory note matures on July 6, 2016 and shall be convertible into common stock of the Company at conversion prices equal to the lower of \$0.002 or 55% of the average of the 3 lowest trading daily prices of the Company's common stock during the 10 consecutive trading days prior to the date on which Holder elects to convert all or part of the Note. The note also carries fees and penalties for various defaults. As on September 30, 2015 the total interest accrued on the said convertible promissory note was \$983.22.

On August 27, 2015, the Company issued a 7.5% Convertible Debenture to a single unaffiliated party in the principal amount of \$ 13,000. The convertible promissory note matures on August 27, 2016 and shall be convertible into common stock of the Company at conversion prices equal to the lower of \$0.001 or 55% of the average of the 2 lowest trading daily prices of the Company's common stock during the 20 consecutive trading days prior to the date on which Holder elects to convert all or part of the Note. The note also carries fees and penalties for various defaults. As on September 30, 2015 the total interest accrued on the said convertible promissory note was \$72.12.

NOTE 6 – RECEIVABLE FROM RELATED PARTY

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September 30, 2015

There is receivable due from the Company's chief executive officer, which does not bear interest, and is due on demand.

NOTE 7 – PAYABLE TO RELATED PARTY

The Loans payable amount of INR 2,541,029 as Unsecured Loans in Sanvi Infotech Pvt. Ltd's accounts for the fiscal year September 30, 2015 is due to the Company's chief executive officer.

The management fee accrued expense amount of US \$ 530,461 is due to the Company's chief executive officer in Brainybrawn, Inc.'s accounts as on September 30, 2015.

NOTE 8 – COMMON STOCK

In September 2015 the Company issued a total of 13,250,000 shares of its common stock at par value \$0.0001 upon conversion of accrued but unpaid interest assigned by a Lender to an unrelated and unaffiliated party.

NOTE 9 – STOCK OPTIONS AND WARRANTS

Stock Options

The Company has issued stock options to officers, directors, and key employees since year 2000.

Outstanding as on 30 September 2015	2,525,000
Exercisable as on 30 September 2015	2,481,250

<u>Number</u> <u>Outstanding</u>	<u>Expiration</u> <u>Date</u>	<u>Number</u> <u>Exercisable</u>
1,875,000	March 6, 2017	1,875,000
650,000	April 1, 2022	606,250
<u><u>2,525,000</u></u>		<u><u>2,481,250</u></u>

Warrants

The Company currently and during the fiscal quarter ending September 30, 2015 had no warrants issued and outstanding.