

# Highline Technical Innovations, Inc.

## Balance Sheet

As of March 31, 2013

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
10005 HTI - Bank of Fayetteville	\$4,366.82
10010 Bank of America	\$2,547.71
10025 HOSS - BANK OF FAYE	\$8.01
<b>Total Bank Accounts</b>	<b>\$6,922.54</b>
<b>Accounts Receivable</b>	
11000 Accounts Receivable	\$5,150.77
<b>Total Accounts Receivable</b>	<b>\$5,150.77</b>
<b>Other current assets</b>	
11510 Advances	\$55,017.89
11520 Undeposited Funds	\$1,500.00
11600 Prepaid Expenses	
11601 Prepaid Liability Insurance	\$4,654.19
11602 Product Development Costs	\$19,000.00
11604 Prepaid Interest	-\$176.76
11605 Prepaid Workers Comp	\$304.17
11606 Prepaid Commercial Auto Ins.	\$102.90
<b>Total 11600 Prepaid Expenses</b>	<b>\$23,884.50</b>
12000 Inventories	
12100 Inventory - HTI	\$154,297.54
12101 Inventory-HTI-Dan	\$4,050.00
<b>Total 12100 Inventory - HTI</b>	<b>\$158,347.54</b>
<b>Total 12000 Inventories</b>	<b>\$158,347.54</b>
13000 Other	
13025 Advances Against Future Royalties	\$28,000.00
13026 Adv. Against Future Royalties	\$16,000.00
<b>Total 13000 Other</b>	<b>\$44,000.00</b>
Inventory Asset	\$20.00
<b>Total Other current assets</b>	<b>\$282,769.93</b>
<b>Total Current Assets</b>	<b>\$294,843.24</b>
<b>Fixed Assets</b>	
15000 Fixed Asset	
15020 Furniture and Equipment	\$17,583.07
15035 Leasehold Improvements	\$14,489.23
15040 Plant Equipment	\$270,674.80
15050 Vehicle	\$17,600.00
<b>Total 15000 Fixed Asset</b>	<b>\$320,347.10</b>
<b>Total Fixed Assets</b>	<b>\$320,347.10</b>
<b>Other Assets</b>	
18000 Other Asset	\$0.00
18010 Building Deposit	\$3,000.00
18060 Due from Hoss Distributing	\$8,400.00
18070 Due from Purchase of SSEV	\$286,390.00
18090 Due from Subsidiary-HHH	\$123,546.34
<b>Total 18000 Other Asset</b>	<b>\$421,336.34</b>
<b>Total Other Assets</b>	<b>\$421,336.34</b>
<b>TOTAL ASSETS</b>	<b>\$1,036,526.68</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 Accounts Payable	\$693,878.46
<b>Total Accounts Payable</b>	<b>\$693,878.46</b>

<b>Other Current Liabilities</b>	
<b>23000 Other Current Liability</b>	
<b>24000 Payroll Liabilities</b>	
24010 AR Income Tax	\$8,765.29
24020 AR Unemployment Tax	\$1,479.30
24040 Federal Taxes (941/944)	\$157,460.70
24050 Federal Unemployment (940)	\$1,526.15
<b>Total 24000 Payroll Liabilities</b>	<b>\$169,231.44</b>
24200 Accrued Insurance Expense	\$153.49
24210 Accrued Property Tax	\$426.08
24600 Advances Toward Business Development	\$888,522.59
24601 Short-Term Loans	\$1,311,890.89 <sup>1,2</sup>
24602 DUE TO PWC/NIR	\$400,000.00 <sup>1</sup>
24603 Due to Walters	\$25,000.00 <sup>2</sup>
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<b>Total 23000 Other Current Liability</b>	<b>\$2,795,224.49</b>
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<b>Total Other Current Liabilities</b>	<b>\$2,795,224.49</b>
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<b>Total Current Liabilities</b>	<b>\$3,489,102.95</b>
<b>Long-Term Liabilities</b>	
<b>25000 Long-Term Liability</b>	
25045 Loan Payable - CF	\$17,020.00
25500 Other Long Term Liabilities	\$4,500.00
<b>Total 25000 Long-Term Liability</b>	<b>\$21,520.00</b>
<b>Total Long-Term Liabilities</b>	<b>\$21,520.00</b>
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<b>Total Liabilities</b>	<b>\$3,510,622.95</b>
<b>Equity</b>	
<b>30000 Opening Bal Equity</b>	\$20.00
<b>31000 Equity</b>	
31030 Common Stock	\$257,841.48
31040 Preferred Stock	\$83,945.58
31050 Additional Paid-in Capital	\$91,052.69
<b>Total 31000 Equity</b>	<b>\$432,839.75</b>
<b>32000 Retained Earnings</b>	-\$2,738,751.63
<b>Net Income</b>	-\$168,204.39
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<b>Total Equity</b>	<b>-\$2,474,096.27</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,036,526.68</b>

## Highline Technical Innovations, Inc.

### Profit & Loss

January - March, 2013

	<u>Total</u>
<b>Income</b>	
47900 SALES - HTI	\$1,500.00
<b>Total Income</b>	<b>\$1,500.00</b>
<b>Cost of Goods Sold</b>	
51000 Direct Materials	\$1,739.86
51010 Shipping	\$225.75
<b>53000 Other Direct Expenses</b>	
53105 Operations - COGS	\$49.62
53110 Miscellaneous Supplies	\$410.83
53120 Maintenance	\$257.75
53130 Utilities	\$107.65

53140 Rent	\$3,119.63
53160 Insurance Expense	\$4,401.97
Total 53000 Other Direct Expenses	<u>\$8,347.45</u>
Total Cost of Goods Sold	<u>\$10,313.06</u>
Gross Profit	<u>-\$8,813.06</u>
<b>Expenses</b>	
<b>Administrative Expenses</b>	
60400 Bank Service Charges	\$34.00
61700 Computer and Internet Expenses	\$531.27
61720 Credit Card Charges	\$244.98
63275 HLNT Stock Expenses	\$4,371.33
63770 Licenses	\$12.50
64310 Maintenance	\$2,271.69
64500 Miscellaneous	\$35,220.68 <sup>2</sup>
64900 Office Supplies	\$419.92
66200 Wages	\$54,346.17
66300 Payroll Taxes	\$6,139.33
66700 Professional Fees	\$45,891.05
66750 Postage	\$184.27
67100 Rent Expense	\$1,800.00
67252 Research & Development-OTR	\$497.40
67300 Shipping, Freight & Delivery	\$81.49
67500 Taxes-General	\$476.08
68100 Telephone Expense	\$2,391.42
68400 Travel Expense	\$811.58
68401 Entertainment Meals	\$245.33
68600 Utilities	\$2,059.68
Total Administrative Expenses	<u>\$158,030.17</u>
<b>Selling Expense</b>	
60250 Sales-Travel	\$691.96
Total Selling Expense	<u>\$691.96</u>
Total Expenses	<u>\$158,722.13</u>
Net Operating Income	<u>-\$167,535.19</u>
<b>Other Expenses</b>	
81000 Interest Expense	\$669.20
Total Other Expenses	<u>\$669.20</u>
Net Other Income	<u>-\$669.20</u>
Net Income	<u>-\$168,204.39</u>

**Highline Technical Innovations, Inc.**  
**Statement of Cash Flows**

January - March, 2013

	<u>Total</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	-\$168,204.39
Adjustments to reconcile Net Income to Net Cash provided by operations:	

11510 Advances	-\$2,600.00
11601 Prepaid Expenses:Prepaid Liability Insurance	\$1,074.98
11604 Prepaid Expenses:Prepaid Interest	\$176.76
11605 Prepaid Expenses:Prepaid Workers Comp	\$912.51
11606 Prepaid Expenses:Prepaid Commercial Auto Ins.	\$154.38
12100 Inventories:Inventory - HTI	-\$589.29
Inventory Asset	-\$20.00
20000 Accounts Payable	\$23,622.02
24010 Other Current Liability:Payroll Liabilities:AR Income Tax	\$2,791.16
24020 Other Current Liability:Payroll Liabilities:AR Unemployment Tax	\$1,813.85
24040 Other Current Liability:Payroll Liabilities:Federal Taxes	
(941/944)	\$11,551.49
24050 Other Current Liability:Payroll Liabilities:Federal Unemployment (940)	\$168.00
24200 Other Current Liability:Accrued Insurance Expense	-\$1,429.10
24210 Other Current Liability:Accrued Property Tax	\$426.08
24600 Other Current Liability:Advances Toward Business Development	\$11,664.23
24601 Other Current Liability:Short-Term Loans	\$806,940.63 <sup>1,2</sup>
24602 Other Current Liability:DUE TO PWC/NIR	-\$700,000.00 <sup>1</sup>
24603 Other Current Liability:Due to Walters	\$25,000.00 <sup>2</sup>
<b>Net cash provided by operating activities</b>	<b>\$13,453.31</b>
<b>INVESTING ACTIVITIES</b>	
15035 Fixed Asset:Leasehold Improvements	-\$5,316.77
15040 Fixed Asset:Plant Equipment	-\$624.80
18010 Other Asset:Building Deposit	-\$3,000.00
<b>Net cash provided by investing activities</b>	<b>-\$8,941.57</b>
<b>FINANCING ACTIVITIES</b>	
30000 Opening Bal Equity	\$20.00
<b>Net cash provided by financing activities</b>	<b>\$20.00</b>
<b>Net cash increase for period</b>	<b>\$4,531.74</b>
<b>Cash at beginning of period</b>	<b>\$3,890.80</b>
<b>Cash at end of period</b>	<b>\$8,422.54</b>

1. Based upon the Settlement in August of 2012, with PWC, HTI made a payment of \$700,000 to PWC. The funds for the payment were received from AHS, of which HTI is part owner."

2. In February of 2013, HTI settled with David Walters with regards to the litigation between the two parties as filed in Texas. Under the terms of the Settlement, HTI agreed to issue to Walters 15,000,000 of freely trading shares of HTI stock, and pay Walters \$35,000 in two payments, and initial \$10,000 and a final \$25,000.

## Highline Technical Share Structure

(i) Period end date; 3/31/2013

(ii) Number of shares authorized;

Preferred - 100,000,000

(iii) Number of shares outstanding;

Common - 2,671,269,832

Preferred - 50,993,078

(iv) Freely tradable shares (public float);

Common - 2,597,724,481

(v) Total number of beneficial shareholders;

Common - 3400

(vi) Total number of shareholders of record.

Common - 380