

GREYSON INTERNATIONAL, INC.

Financial Statements

For the Period Ended

March 31, 2015 and March 31, 2014

Prepared By
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To the Board of Directors

GREYSON INTERNATIONAL, INC.
6601 Lyons Road
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Coconut Creek, FL 33073

We have compiled the accompanying statement of assets, liabilities, and equity - income tax basis of GREYSON INTERNATIONAL, INC., a Corporation, as of March 31, 2015 and March 31, 2014 and the related statements of revenues, expenses, and stockholders' equity - income tax basis for the periods then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to these financial statements.

Charles E. Heath CPA, P.A.

Charles E. Heath CPA, P.A.
License #AC35898
May 11, 2015

GREYSON INTERNATIONAL, INC.
Balance Sheet
As of March 31, 2015 and March 31, 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 993.80	\$ 99,618.59
Inventory	56,732.47	15,011.95
Inventory - Consignment	2,376.00	0.00
Inventory Valuation Allowance	(4,427.44)	(4,427.44)
Total Current Assets	<u>55,674.83</u>	<u>110,203.10</u>
PROPERTY AND EQUIPMENT		
Furniture & Equipment	49,923.91	49,508.91
Less: Accumulated Depreciation	(46,258.52)	(43,617.88)
Net Property and Equipment	<u>3,665.39</u>	<u>5,891.03</u>
OTHER ASSETS		
Refundable Deposits	0.00	2,318.75
Patents and Trademarks	11,774.50	11,774.50
Equity in Private Oil & Gas Entity	200,024.62	200,024.62
Total Other Assets	<u>211,799.12</u>	<u>214,117.87</u>
TOTAL ASSETS	<u>\$ 271,139.34</u>	<u>\$ 330,212.00</u>

GREYSON INTERNATIONAL, INC.
Balance Sheet
As of March 31, 2015 and March 31, 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 383,655.71	\$ 77,214.54
Loan from Shareholders	12,000.00	0.00
Total Current Liabilities	<u>395,655.71</u>	<u>77,214.54</u>
LONG-TERM LIABILITIES		
Total Long-Term Liabilities	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>395,655.71</u>	<u>77,214.54</u>
STOCKHOLDERS' EQUITY		
Capital Stock	15,534.39	14,675.42
Capital Stock Subscribed	17.95	17.95
Capital Stock - Preferred	100.00	100.00
Paid in Excess	15,139,122.91	14,795,183.73
Net Income	(124,431.58)	(280,871.36)
Retained Earnings	<u>(15,154,860.04)</u>	<u>(14,276,108.28)</u>
Total Stockholders' Equity	<u>(124,516.37)</u>	<u>252,997.46</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 271,139.34</u>	<u>\$ 330,212.00</u>

GREYSON INTERNATIONAL, INC.
Statement of Revenues & Expenses
As of March 31, 2015 and March 31, 2014

	<u>2015</u>	<u>2014</u>
Sales		
Sales	\$ 5,024.91	\$ 2,172.81
Sales - Consignment	2,376.00	0.00
Less: Returns & Allowances	0.00	0.00
Total Sales	<u>7,400.91</u>	<u>2,172.81</u>
Cost of Goods Sold		
Inventory - Closeout	(14,116.02)	0.00
Material Purchases	0.00	21,701.49
Inventory Recoupment	(4,365.00)	0.00
Warehouse Expense	0.00	133.30
Freight out	737.60	0.00
Equipment Rental	0.00	198.74
Total Cost of Goods Sold	<u>(17,743.42)</u>	<u>22,033.53</u>
Gross Profit	<u>(25,144.33)</u>	<u>(19,860.72)</u>
Operating Expenses		
Officers' Wages	0.00	38,152.48
Wages	73,710.00	105,233.38
Payroll Company Fees	232.30	539.90
Payroll Taxes	0.00	12,259.08
Auto Repair Expense	0.00	54.67
Officer's Medical Expense	0.00	7,563.66
Bank Charges and Fees	66.00	17.00
Stock Expense	1,500.00	1,892.80
Legal and Accounting	4,820.00	9,000.00
Public Relations Expense	0.00	2,655.23
Insurance	1,236.82	3,993.01
Postage	0.00	2,252.60
Insurance-Health	0.00	5,378.79
Licenses and Taxes	150.58	150.00
Office Supplies	476.61	1,563.81
Dues and Subscriptions	0.00	68.15
Gas Expense	0.00	592.85
Infomercial Expense	0.00	275.00
Marketing Expense	257.82	0.00
Meals & Entertainment	0.00	1,993.83
Travel & Lodging	0.00	823.94
Late Fees	0.00	341.38
Rent	7,351.00	7,115.25
Utilities	707.96	1,744.55
Telephone Expense	0.00	1,608.13
Repairs and Maintenance	95.00	742.50
Security Expense	130.11	123.84
Advertising	261.92	0.00
Web Expense	58.33	2,335.05
Consulting Fees	29,750.00	48,028.47
Auto Lease Expense	0.00	3,939.24
Sales Tax	120.18	24.30

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GREYSON INTERNATIONAL, INC.
Statement of Revenues & Expenses
As of March 31, 2015 and March 31, 2014

	<u>2015</u>	<u>2014</u>
Depreciation	<u>419.24</u>	<u>604.63</u>
Total Operating Expenses	<u>121,343.87</u>	<u>261,067.52</u>
Operating Income (Loss)	<u>(146,488.20)</u>	<u>(280,928.24)</u>
Other Income (Expense)		
Interest Earned	<u>0.00</u>	<u>56.88</u>
Total Other Income (Expense)	<u>0.00</u>	<u>56.88</u>
Net Income (Loss) Before Taxes	<u>(146,488.20)</u>	<u>(280,871.36)</u>
Net Income (Loss)	<u>\$ (146,488.20)</u>	<u>\$ (280,871.36)</u>

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GREYSON INTERNATIONAL, INC.
Statement of Cash Flows
For the Periods Ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (128,796.58)	\$ (280,871.36)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	419.24	604.63
Losses (Gains) on sales of Fixed Assets	0.00	0.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	0.00	36,425.97
Inventory	24,114.73	0.00
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	80,196.82	(0.75)
Accrued Liabilities	0.00	0.00
Total Adjustments	<u>104,730.79</u>	<u>37,029.85</u>
Net Cash Provided By (Used in) Operating Activities	(24,065.79)	(243,841.51)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale of Fixed Assets	<u>0.00</u>	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	0.00	0.00
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Sale of Stock	30,848.54	0.00
Net Cash Provided By (Used In) Financing Activities	<u>30,848.54</u>	<u>0.00</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,782.75	(243,841.51)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,341.98</u>	<u>368,442.21</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 993.80</u>	<u>\$ 99,618.59</u>

GREYSON INTERNATIONAL, INC.
Statement of Retained Earnings
As of March 31, 2015 and March 31, 2014

	March 31, 2015		March 31, 2014
Retained Earnings-Beginning	\$ (15,154,860.04)	\$	(14,251,108.28)
Plus: Net Income	(124,431.58)		(280,871.36)
Less: Dividends Paid	<u>0.00</u>		<u>0.00</u>
 RETAINED EARNINGS			
END OF PERIOD	<u><u>\$ (15,279,291.62)</u></u>	\$	<u><u>(14,531,979.64)</u></u>

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GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

General

Greyson International, Inc. (“Greyson” or the “Company”) was incorporated under the Laws of the State of Delaware on October 17, 1997. The Company develops, researches, manufactures, distributes and sells health and beauty products.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 these financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

Going Concern

As shown in the accompanying financial statements, the Company has incurred net losses of \$ 146,488.20 and \$ 280,871.36 for the periods ended March 31, 2015 and 2014, respectively. These conditions create an uncertainty as to the Company’s ability to continue as a going concern at this time. Management’s plans in regard to this matter are to continue to look into various alternatives in licensing the Trilexon technology to other companies and selling directly to customers using various methods to generate income. As previously discussed, the Company completed the purchase of a private entity that now holds approximately a 1% interest in an oil and gas exploration concern with considerable upside potential. This raises the possibility for the Company to be able to monetize this asset in many ways.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Uncollectible Amounts

Accounts receivable represents amounts billed to customers but uncollected. Accounts receivable is recorded at the invoiced amounts and is non-interest bearing. Based on

GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

its experience with its customers, management expects to collect all receivables, and as a result, a provision for doubtful accounts has not been recorded.

Revenue Recognition

The Company recognizes revenue in accordance with the provisions of Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition", which states that revenue is realized and earned when all of the following criteria are met:

- (a) persuasive evidence of the arrangement exists,
- (b) delivery has occurred or services have been rendered,
- (c) the seller's price to the buyer is fixed and determinable and
- (d) collectability is reasonably assured.

Earnings per share

The Company computes basic and diluted loss per share amounts for March 31, 2015 and 2014, pursuant to the Statement of Financial Accounting Standards (SFAS) No. 128 "Earnings per Share." Basic earnings per share are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if dilutive potential common stock had been converted to common stock.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in checking accounts may exceed the Federal Deposit Insurance Corporation insured limit. At March 31, 2015 and 2014, the Company's cash balance did not exceed the federally insured limits.

Income Taxes

The Company records income taxes on the period's taxable income for federal and state income tax reporting purposes. Deferred income taxes are recognized for the tax consequences in future periods for differences between the tax basis of assets and liabilities and their financial reporting amounts at each period-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period of deferred tax assets and liabilities.

The Company accounts for income taxes under the provisions of FASB Accounting Standards Codification ("ASC") 740, *Income Taxes* (formerly referenced as FASB

GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB No. 109*), which changed the framework for accounting for uncertainty in income taxes. The adoption of this standard does not have an impact on the Company's results of operations or financial position.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, related party receivable, accounts payable, and related party payable approximate fair value at March 31, 2015 and 2014 because of the relatively short maturity of the instruments.

Inventories

Inventories, which consist of items available for sale, are recorded using the first-in, first-out method and valued at the lower of cost or market. As of March 31, 2015 and 2014, the inventory totaled \$ 56,732.47 and \$ 15,011.95.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the useful lives of the assets, which range from three months to ten years. The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The carrying value of assets sold or retired is removed from the accounts and any resulting gain or loss is reflected in results of operations.

Accounting for Shipping and Handling Costs

The Company records shipping and handling costs incurred in cost of sales and records shipping and handling costs billed to customers in net sales.

Stock Based Compensation

All share-based payments to employees, including the grants of employee stock options, are recognized in the Company's financial statements based on their fair values, but only to the extent that vesting is considered probable. Compensation cost for awards that vest will not be reversed if the awards expire without being exercised. The fair value of stock options is determined using the Black-Scholes option-pricing model. Compensation costs for awards are amortized over the vesting period. Option pricing model input assumptions such as expected term, expected volatility and risk-free interest rate impact the fair value estimate. Further, the forfeiture rate impacts the amount of aggregate compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions

GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are based on or determined from external data and other assumptions may be derived from the Company's historical experience with share-based arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment consisted of:

	<u>March 31</u>	
	<u>2014</u>	<u>2014</u>
Equipment	\$ 49,923.91	\$ 49,508.91
Less Accumulated Depreciation	(45,839.28)	(43,013.25)
Total	<u>\$ 5,081.95</u>	<u>\$ 6,495.66</u>

The Company recognized \$ 419.24 and \$ 604.63 in depreciation expense for the periods ended March 31, 2015 and 2014, respectively.

NOTE 4 – OTHER ASSETS

Deposits

Deposits consisted of a deposit placed on the lease of the Company's office at the inception of the lease. This deposit was fully recovered at the end of the lease.

Other assets consisted of:

	<u>March 31</u>	
	<u>2015</u>	<u>2014</u>
Patents and Trademarks	11,775	11,775
Refundable Deposits	<u>0</u>	<u>2,319</u>
	11,775	14,093
Less Accumulated Amortization	<u>(0)</u>	<u>(0)</u>
Total	<u>\$ 11,775</u>	<u>\$ 14,093</u>

NOTE 5 – STOCK OPTIONS

During 2014, the Board granted to its consultants stock options to purchase 700,000 shares of Common Stock. The stock options vest immediately. The exercise price of the stock options is \$ 0.04 per share, which was the price received for most recent sales of the Common Stock prior to the date of the grant. The weighted-average grant-date fair value of options granted was \$0.04 per share based on the Black-Scholes option pricing model.

GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 5 – STOCK OPTIONS (CONTINUED)

During 2013, the Board granted to its consultants stock options to purchase 8,000,000 shares of Common Stock. The stock options vest immediately. The exercise price of the stock options is \$ 0.04 per share, which was the price received for most recent sales of the Common Stock prior to the date of the grant. The weighted-average grant-date fair value of options granted was \$0.04 per share based on the Black-Scholes option pricing model. The options expire from two to five years in 2014 to 2017.

The following table summarizes the assumptions the Company utilized to record compensation expense for options awarded during the periods ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Risk free interest rate	.05%	.05%
Expected life (years)	2 to 5	2 to 5
Expected volatility	697%	697%
Expected dividend	None	None

A summary of options for the periods ended December 31, 2014 and 2013 is shown below:

	<u>2014</u>		<u>2013</u>	
	Weighted		Weighted	
	<u>Number of</u> <u>Shares</u>	<u>Average</u> <u>Exercise Price</u>	<u>Number of</u> <u>Shares</u>	<u>Average</u> <u>Exercise Price</u>
Outstanding at beginning of period	33,900,000	0.05	29,650,000	0.06
Granted	700,000	0.04	8,000,000	0.04
Exercised	(0)	0.05	(0)	0.00
Forfeited	(0)	0.00	(0)	0.00
Expired	(22,600,000)	0.00	(3,750,000)	0.10
Outstanding at end of period	12,000,000	0.05	33,900,000	0.06
Exercisable at end of period	12,000,000		33,900,000	

GREYSON INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 AND MARCH 31, 2014

NOTE 6 – EQUITY

Preferred Stock

Preferred shareholders have a right to cast a total of 25 votes for each issued and outstanding share of preferred stock on all matters that are brought for vote to the holders of common stock.

Common Stock

During the year ended December 31, 2014, the Company issued 3,811,666 shares of common stock for cash at an average price per share of \$0.05 for a total value of \$97,250.00. The Company issued 6,325,000 shares of common stock for services for a total value of \$248,000.00.

During the year ended December 31, 2013, the Company issued 5,050,000 shares of common stock for cash at an average price per share of \$0.05 for a total value of \$252,500.00. The Company issued 4,710,000 shares of common stock for services for a total value of \$235,500.00.

NOTE 7 – INCOME TAXES

For federal income tax purposes, an analysis of the components of the (loss) before income taxes and the related income tax (benefit) is presented in the following tables. The tax amounts have been calculated using the 34% federal and 5.5% state income tax rates.

The (provision) benefit for income taxes consists of the following:

	2014	2013
Current	\$ 0	\$ 0
Deferred	0	0
	<u>\$ 0</u>	<u>\$ 0</u>

As of December 31, 2014, the Company had a net operating loss carry forward of approximately \$ 5,181,324.00 which will begin to expire in 2025.