PBS Holding, Inc.

Consolidated Financial Statements
For the Three Months Ended March 31, 2015
(Unaudited)

PBS Holding, Inc.

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PBS Holding, Inc.
Balance Sheet
January through March 2015
(unaudited)

	March 31, 2015	Dec. 31, 2014
ASSETS		
Current Assets		
Checking/Savings	179	-559
Total Current Assets	179	-559
Fixed & Other Assets		
Accounts Receivable	297,236	297,236
Inventory	105,032	105,032
Investment in Subsidaries	1,287,458	1,287,458
Notes Receivable	160,085	150,905
Manufacturing Rights	55,000	55,000
Total Fixed & Other Assets	1,904,811	1,895,631
TOTAL ASSETS	**1,904,990**	**1,895,072**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	5,245	5,245
Accrued Payables & Accrued Expenses	541,942	541,942
Accrued Salaries & Wages	300,000	247,500
Customer Deposits	8,000	8,000
Short-term Notes Payable	270,725	252,037
Loans from Shareholders	12,000	12,000
Total Current Liabilities	1,137,912	1,066,724
Long Term Liabilities		
Notes Payable	3,242,657	3,242,657
Total Long Term Liabilities	3,242,657	3,242,657
Total Liabilities	4,380,569	4,309,381
Equity		
Preferred stock, par value $.001, 25,000,000 shares authorized, 4,245,501 shares issued and outstanding as of December 31, 2014; and 4,245,501 issued and oustanding as of March 31, 2015	4,246	4,246
Common stock, par value $.001, 3,000,000,000 shares authorized, 2,234,319,676 shares issued and outstanding as of December 31, 2014; and 2,934,728,286 shares issued and oustanding as of March 31, 2015	2,934,728	2,234,320
Additional Paid-In Capital	2,426,550	2,426,550
Adjustments to Equity	(3,028,820)	(2,328,412)
Accumulated Deficit	(4,751,013)	(4,404,273)
Net Income	(61,270)	(346,740)
Total Shareholders' Equity (Deficiency)	(2,475,579)	(2,414,309)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**1,904,990**	**1,895,072**

PBS Holding, Inc.
Profit Loss
January through March 2015
(Unaudited)

	3 Months Ended March 2015	12 Months Ended Dec. 2014
Ordinary Income/Expense		
Income		
Interest Income	0	0
Sales	0	297,830
Total Income	0	297,830
Cost of Goods Sold		
Merchant Account Fees	0	1,337
Purchases - Resale Items	0	0
Product Samples	0	94
Raw Materials	0	14,997
Total Cost of Goods Sold	0	16,428
Gross Profit	0	281,402
Expense		
Advertising and Promotion	0	10,107
Automobile Expense	841	6,657
Bank Service Charges	829	3,356
Computer & Internet Expense	0	12,355
Consulting Expense	0	17,950
General & Administrative Expenses	3,197	251,202
Independent Contractors	0	22,959
Meals & Entertainment	0	3,330
Office Supplies	40	1,315
Payroll Taxes & Expenses	329	21,166
Professional & Legal fees	3,534	17,470
Rent Expense	0	27,374
Repairs & Maintenance	0	2,721
Salaries and Wages	52,500	208,924
Telephone Expense	0	1,541
Tools & Equipment	0	8,575
Travel Expense	0	10,614
Utilities	0	527
Total Expenses	61,270	628,142
Other Income/Expense		
Other income from operating account writeoffs	0	0
Current portion of Interest on Notes Payable	0	0
Gain on sale of assets & liabilites	0	0
Provision For Income Taxes	0	0
Total Expense	**61,270**	**628,142**
Net Ordinary Income	(61,270)	(346,740)
Net (loss) Income	**(61,270)**	**(346,740)**

PBS HOLDING, INC.
STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)
FOR THE PERIOD ENDED March 31, 2015
(Unaudited)

	Common Stock		Preferred Stock						
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Adjustments to Equity	Profit (Loss)	Total Equity
Balance, December 31, 2014 (unaudited)	2,234,319,676	$ 2,234,320	4,245,501	$ 4,246	$ 2,426,550	$ (4,404,273)	$ (2,328,412)	$ (346,740)	$ (2,414,309)
Common Stock Issued	700,408,610	700,409	0	-					
Preferred Stock Issued	0	-	0	-					
Net Profit (Loss)								(61,270)	
Balance, March 31, 2015 (unaudited)	2,934,728,286	$ 2,934,728	4,245,501	$ 4,246	$ 2,426,550	$ (4,751,013)	$ (3,028,820)	$ (61,270)	$ (2,475,579)

PBS Holding, Inc.
Statement of Cash Flows
January through March 2015
(Unaudited)

	Jan.-March 2015	Jan.-Dec. 2014
OPERATING ACTIVITIES		
Net Income	(61,270)	(346,740)
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts receivable	0	(297,236)
Accrued Salary & Wages	52,500	150,000
Accounts payable	8,277	102,082
Inventory	0	(105,032)
Notes payable	10,410	691,800
Net cash provided by Operating Activities	9,918	194,875
INVESTING ACTIVITIES		
Notes Receivable	(9,180)	(142,905)
Manufacturing Rights acquisition	0	(55,000)
Net cash used by Investing Activities	(9,180)	(197,905)
FINANCING ACTIVITIES		
Net principal of debt extinguished	0	0
Issuance of Capital Stock	0	0
Due to shareholders	0	0
Net cash provided by Financing Activities	0	0
Net cash increase for period	738	(3,030)
Cash at beginning of period	(559)	2,471
Cash at end of period	**179**	**(559)**

NOTE 1 - Organization and Nature of Business History

The Company was incorporated in the State of Nevada in 1996 under the name of Anonymous Data Corporation. The Company went through various name changes over the years, and on September 20, 2005 its name was changed to PBS Holding, Inc.

On or about November 4, 2002, the Company effected a 1 for 2,500 reverse stock split with respect to its outstanding shares of Common Stock. In, 2005 the Company effected another reverse stock split of 1 for 8 shares of Common Stock.

On February 28, 2003 the Company purchased all of the outstanding shares of AHJR, Inc. (AHJR), a Texas corporation, in a stock for stock transaction. AHJR was previously owned principally by Patrick Matthews, the primary shareholder of the Company at that time and its President and Chief Executive Officer. In the stock for stock transaction the Company acquired all of the shares of AHJR in exchange for 9,050,000 post split shares of restricted common stock.

The Company re-domiciled to Wyoming on April 8, 2014

Organization

PBS Holding, Inc. is the parent of its wholly owned subsidiary; Starfest Direct, Inc.

The original business of the Company is to operate in the human resources outsourcing industries with particular emphasis in the professional employer organization (PEO) industry and the temporary staffing services industry.

However, On November 15, 2010, the Company executed a Stock Purchase Agreement to sell 8,549,198 shares of common stock of PBS Holding, Inc. (“PBHG”) from Rick Matthews, an individual. The sale of PBHG stock was completed on November 15, 2010. The consideration for the PBHG shares consist of $48,000.00 payable as follows: (i) $25,000.00 in secured funds by certified payment, wire or cash to Seller; and (ii) $15,000.00 in secured funds by certified payment, wire or cash to Tuggey Rosenthal Pauerstein Sandoloski Agather, LLP.

As a result of the referenced purchase, Artfest International, Inc. became the majority shareholder of PBS Holding, Inc. The Agreement was concluded with the Bill of Sale and Assumption Agreement, dated February 17, 2011, after PBHG complied with the purchase requirements.

In the first quarter of 2011 the company purchased 90 percent of the outstanding equity of the Dallas Diamonds for $75,000 dollars, or 18,750 shares of PBHG 144 restricted shares at $ 4.00 per share.

In the first quarter of 2012, the Company sold the Dallas Diamonds to Artfest International, Inc.

NOTE 2 - Summary of Significant Accounting Policies, Principles of Consolidation

During the first Quarter of 2014, PBS Holding, Inc. acquired the exclusive rights and technology to manufacture and distribute worldwide, proprietary technology in converting the components of water (hydrogen/oxygen) to fuel. PBS moved this Atlanta based manufacturing and distribution center to Dallas where it was placed into and operates under the name Water To Fuel Technology Inc., a subsidiary of PBS Holding Inc.

The accompanying consolidated financial statements include the accounts of PBS Holding, Inc (parent), its wholly owned subsidiary Starfest Direct, and Water to Fuel Technology, Inc.

Revenues and expenses of PBS Holding, Inc. and subsidiaries are included for the 3 months ending March 31, 2015.

Cash Equivalents
For purposes of reporting of cash flows, the Company classifies all cash and short-term investments with maturities of three months or less to be cash equivalents.

Receivables
Accounting principles generally accepted in the United States require that the allowance for uncollectibles method be used to reflect bad debts. The Company uses the direct write-off method instead; but it approximates the allowance for uncollectibles in the case of these financial statements.

Property and Equipment
Property and equipment are valued at cost. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. Useful lives of the respective assets are generally from three to seven years. Purchase of property and equipment greater than $500 and major repairs of existing equipment that extends the useful life of the asset are capitalized.

The Financial Accounting Standards Board issued SFAS No.142 “Goodwill and Other Intangible Assets” effective for fiscal years beginning after December 15, 2001. According to SFAS 142, goodwill should not be amortized. Instead, it should be reviewed for impairment at least annually and charged to earnings only when its recorded value exceeds its fair value. The Company has elected to follow SFAS 142. The Company has no recorded goodwill on its financial statements and does not believe this accounting standard will affect the Company.

Impairment of Long-Lived Assets
It is the policy of the Company to periodically evaluate the economic recoverability of all of its long-lived assets. In accordance with that policy, when it is determined that an asset has been impaired the loss is recognized in the statement of operations.

Fair Value of Financial Instruments
The methods and assumptions used to estimate the fair value of each class of financial instruments are as follows:

Cash and cash equivalents, receivables, prepaid premiums, accounts payable, accrued expense, deferred revenue, notes payable are reflected in the financial statements at cost, which approximates fair value because of the relatively short maturity of these instruments.

Concentration of Credit Risk
Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash deposits. The Company will only exceed the FDIC insurable limit in an account when gross payrolls billed and collected post to the payroll bank account before the payroll checks and tax deposits are posted. The timeliness of the deposits and withdrawals are such that management estimates no material credit risk.

Income Taxes
The Company has adopted the provisions of SFAS No. 109, “Accounting for Income Taxes,” which incorporates the use of the asset and liability approach of accounting for income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future consequences of temporary differences between the financial reporting basis and the income tax basis of assets and liabilities.

During 2002, the Company underwent an ownership change as defined in Section 382 of the Internal Revenue Code. Consequently, management believes the net operating loss carry forwards are lost for the tax year 2002 and before. The Federal net operating losses since the ownership change are significant. The Company continues to sustain operating losses and there remains an uncertainty as to whether any income tax benefit can be used in the future.

Comprehensive Income
The Company has adopted SFAS No. 130 Reporting Comprehensive Income. The Company has no reportable differences between net income and comprehensive income, therefore a statement of comprehensive income has not been presented.

Stock-Based Compensation
FASB No. 123, and FASB No 123R. “Accounting for Stock-Based Compensation” established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. In addition, the Emerging Issues Task Force has issued EITF 96-18 to further hald clarify FASB No. 123 & 123R.

Net (Loss) Per Share of Common Stock
The basic and diluted net income (loss) per common share in the accompanying statements of operations are based upon the net income (loss) divided by the weighted average number of shares outstanding during the periods presented. Diluted net (loss) per common share is the same as basic net (loss) per share because including any pending shares to issued services or otherwise would be anti-dilutive.

Advertising Costs
The Company’s advertising costs are expensed when incurred.

Use of Accounting Estimates

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

Other Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent accounting pronouncements to have any material impact on its financial statements.

NOTE 3 - Equity & Common Stock

No warrants were issued in the 3 months ended March 31, 2015. In past years the warrants and stock transactions were issued in reliance upon the exemption provided by Section 4(2) of the Securities Act and/or Rule 506 of Regulation D.

The fair values of the warrants granted are reported as equity grants using the guidance of FASB no. 123R and EITF 96-18. The fair values of the restricted stock issued are reported using the guidance of FASB no. 123R and EITF 96-18 and are computed at fair market value. In accordance with EITF 96-18 regarding value of non employee services paid with stock warrants granted, management has determined the services received on which the warrants were granted has no value. The Company has also determined that the value of the warrants using the stock price leaves no value for the warrants because the market value has continued to remain below the exercisable price of the warrants and the stock market continues to decline from what it was when the warrants were originally issued. Because the Company recognizes no value for the services received and no definitive value for the warrants granted using the market value of the stock, management has not recognized any value associated with the granting of warrants in this year or any prior year.

NOTE 4 – Going Concern

As reflected in the accompanying consolidated financial statements, the Company has had continuing net losses year-over-year through March 31, 2015. These accrued and ongoing losses rise doubts that the Company can continue as a going concern. The Company’s ability to continue will be dependent on its ability to raise funds for its operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company anticipates raising additional working capital through the issuance of debt and equity securities in order to further expand its business. Management believes that actions presently being undertaken to obtain additional funding provide the Company with the opportunity to continue to operate as a going concern.

NOTE 5 – Long Term Debt

In 2012, the company carried an outstanding long term debt balance in the form of four convertible promissory notes (the "Notes") which as of June 30, 2013, totaled $2,479,957 in principal and accrued and unpaid interest and fees respectively. The Notes are held by an individual and two non-affiliated companies (collectively, the "Noteholders") and carry certain conversion privileges for equity of the company's common stock. The Noteholders may demand repayment by the Company of all principal and interest of the Notes through the date of its repayment request, plus interest, at any time upon thirty (30) days written notice to the Company after one (1) year.

Each Noteholder is entitled, at its option, at any time or from time to time, and in whole or in part, to convert the outstanding principal and accrued interest amounts of any Note, or any portion thereof, into shares of the common stock of the Company, according to any and all federal and state regulations.