

Lead Innovation Corporation
Consolidated Balance Sheets
(Unaudited)

<u>ASSETS</u>	<u>As of May 31, 2018</u>	<u>As of November 30, 2017</u>
Current Assets:		
Cash and cash equivalents	\$ 66,835	\$ -
Property & Equipment	938,000	938,000
Licensing Agreement	<u>10</u>	<u>10</u>
Total Assets	<u>\$ 1,004,845</u>	<u>\$ 938,010</u>
 <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 95,222	\$ 75,437
Loan payables- related party	1,272,895	1,188,150
Convertible note payables, net	<u>21,720</u>	<u>21,720</u>
Total Current Liabilities	1,389,837	1,285,307
Commitments	-	-
Stockholders' Equity (Deficit):		
Common stock; \$0.00001 par value; 1,800,000,000 shares authorized; 439,884 and 439,884 ⁽¹⁾ shares issued and outstanding as of May 31, 2018, and November 30, 2017, respectively	4	4
6% Series A Preferred stock; \$0.00001 par value; 200,000,000 shares authorized, 314,035 and 314,035 shares issued and outstanding as of July 23, 2018 and November 30, 2017 ⁽²⁾ , respectively	3	3
Additional paid in capital	15,994,060	15,994,060
Deemed dividend	(61,865)	(61,865)
Deficit accumulated	<u>(16,317,194)</u>	<u>(16,279,499)</u>
Total Stockholders' Deficit	<u>(384,992)</u>	<u>(347,297)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 1,004,845</u>	<u>\$ 938,010</u>

⁽¹⁾restated to reflect a 1 for 800 reverse split effective 3-24-18

⁽²⁾restated to reflect a 1 for 100 reverse split effective 12-13-17

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

Lead Innovation Corporation
Consolidated Statements of Operations

	Three Months Ended May 31, 2018 (unaudited)	Three Months Ended May 31, 2017 (unaudited)
Net Revenues	\$ -	\$ -
Cost of Goods Sold	<u>-</u>	<u>-</u>
Gross profit	<u>-</u>	<u>-</u>
Operating Expenses:		
Professional fees	-	-
General and administrative expenses	<u>5,727</u>	<u>9,511</u>
Total operating expenses	<u>5,727</u>	<u>9,511</u>
Loss From Operations	(5,727)	(9,511)
Other Income (Expense):		
Interest expense	<u>(9,915)</u>	<u>(9,777)</u>
Net Loss	<u>\$ (15,642)</u>	<u>\$ (19,288)</u>
Loss per share		
Basic & Diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding*		
Basic & Diluted	<u>439,884</u>	<u>439,884</u>

*restated to reflect a 1 for 800 reverse stock split effective 3-24-18

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Lead Innovation Corporation
Consolidated Statements Of Cash Flows

	Three Months Ended May 31, 2018 (unaudited)	Three Months Ended May 31, 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$(15,642)	\$(19,288)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in current liabilities:	<u>9,915</u>	<u>19,484</u>
Net cash used in operating activities	(5,727)	(19,588)
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Monies raised from loan payables- related party	<u>-</u>	<u>19,588</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	5,727	-
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE	<u>\$ 72,562</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING BALANCE	<u>\$ 66,835</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES FOR NON CASH: FINANCING AND INVESTING ACTIVITIES		
Stock issued for acquisition of licensing agreement	<u>\$ -</u>	<u>\$ -</u>
Equipment acquired from related party against loan agreement	<u>\$ -</u>	<u>\$ -</u>

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Lead Innovation Corporation
Notes to Unaudited Consolidated Financial Statements

1. Financial Statement Presentation

Lead Innovation Corporation, formerly Hitec, Inc., (the "Company") was incorporated in Delaware. On November 28, 2003, the Company acquired GospelCity.com Inc. which was spun off on November 27, 2007.

The Company was incorporated in Nevada on November 14, 2008 under the name Heart Health Inc. On March 3, 2010, the Company acquired all the assets of Blue Gold Beverages, Inc. On April 8, 2010, the Company filed for change of the name of the Company from Heart Health Inc. to Blue Gold Beverages, Inc.

On April 27, 2012, the Company's name changed to Dragon Polymers Inc.

On October 12, 2014, the Company had a change in the management. The new management changed the name of the Company to Hitec Corp on November 4, 2014.

On December 12, 2017, the Company incorporated HTIC Environmental Inc., a wholly owned subsidiary.

On December 13, 2017, the Company effectuated a 1 for 100 reverse stock split of its issued and outstanding 6% Series A preferred shares.

On December 28, 2017, the Company had a change in management and a change of control.

On February 27, 2018, the corporate name was changed to Lead Innovation Corporation. The Company also increased the authorized capital stock to 1,800,000,000 common shares, par value \$.00001 and 200,000,000 preferred shares par value \$.00001.

On March 23, 2018 the Company effectuated a 1 for 800 reverse stock split of its issued and outstanding common shares.

2. Significant Accounting Policies

Basis of Presentation and Organization

The financial statements of the Company for the three months ended May 31, 2018 and 2017 been prepared in accordance with generally accepted accounting principles.

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 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 periods. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined.

Revenue Recognition

The Company's recognizes revenue at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. The Company recognizes revenue net of an allowance for estimated returns, at the time the merchandise is sold or services performed. The allowance for sales returns is estimated based on the Company's historical experience. Sales taxes are presented on a net basis (excluded from revenues and costs). Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820-10, "Fair Value Measurements and Disclosures." ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. For certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and short-term debt, the carrying amounts approximate fair value due to their relatively short maturities. The carrying amounts of the long-term debt approximate their fair values based on current interest rates for instruments with similar characteristics.

The three levels of valuation hierarchy are defined as follows:

- Level 1: Valuations consist of unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority;
- Level 2: rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability;
- Level 3: Valuations are based on prices or third party or internal valuation models that require inputs that are significant to the fair value measurement and are less observable and thus have the lowest priority.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Impairment of Long-lived Assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Property, Plant and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed using various methods over the estimated useful lives of the assets, ranging from three to ten years.

Stock Based Compensation

The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the applicable vesting period of the stock award using the straight-line method.

Basic and Diluted Earnings Per Share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, warrants, and stock awards. Basic & diluted loss per share was \$(0.00) and \$(0.00) for the three months ended May 31, 2018 and May 31, 2017, respectively.

New Accounting Pronouncements

On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result,

entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning at December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted. The Company does not expect the adoption to have any significant impact on its financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, Clarifying the Definition of a Business, which clarifies and provides a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this update should be applied prospectively on or after the effective date. This update is effective for annual period beginning after December 15, 2017, and interim periods within those periods. Early adoption is permitted for acquisition or deconsolidation transactions occurring before the issuance date or effective date and only when the transactions have not been reported in issued or made available for issuance financial statements. The Company does not expect the adoption to have any significant impact on its financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Simplifying the Test for Goodwill Impairment. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017. The Company does not expect the adoption to have any significant impact on its financial statements.

3. Property & Equipment

On March 28, 2016, the Company acquired equipment from a related party for \$938,000 in exchange for an equipment loan for the same amount. The equipment is part of an operating plant under construction pursuant to the Company's business plan. The equipment has not yet been put to use, hence no depreciation was charged on the same.

4. Licensing Agreement

On March 28, 2016, the Company also obtained the exclusive right to certain patents for use of a technology involving pyrolysis system. The Company obtained the licensing agreement from a related party in exchange for the issuance of 20,625,000 shares of common stock. The fair market value of the shares was \$61,875. The cost of the license to the related party was \$10. Hence, the licensing agreement was recorded at the historical cost to the related party of \$10 and the excess value of shares of \$61,865 was recorded as a deemed dividend to the related party.

Pursuant to the sub-license agreement, the Company obtained the sole and exclusive right and license to purchase and operate processors for vapor distillation of tires, rubber and other organic material which are made by or for licensor and covered by one or more of the licensed patents until the expiration of the last to expire of the licensed patents or any reissues thereof unless sooner terminated in accordance with the provisions of this agreement. In the event that the Company shall fail to put into operation an installation with at least five licensed products during the first eighteen (18) months of this agreement, or if construction has not been substantially initiated at a site for the installation of licensed products within one year following execution of this Agreement, licensor shall have the right to terminate this agreement. Licensor shall also have the right to terminate this Agreement if an additional installation of at least five licensed products is not placed in operation in every two year period following the first installation. The Company agrees to pay licensor a royalty of twenty-five thousand dollars (\$25,000) for each licensed products placed in operation and a running use fee equal to 2.5% of the net collected revenues produced from all licensed products placed in operation of every installation by the Company.

As of May 31, 2018, there has been no installation, hence, no royalty has been paid to the licensor.

5. Loans Payable- Related Party

On March 28, 2016, the Company authorized signing of an operating loan representing costs advanced by a related party for the operations of the Company. The loan shall bear interest of 3% per annum. The operating loan amounted to \$251,685 and \$240,728, respectively as of May 31, 2018 and 2017. The Company accrued interest of \$1,903 and \$1,765 on this loan for the three months ended May 31, 2018 and 2017.

On March 28, 2016, the Company authorized signing of an equipment loan representing equipment acquired or fabricated by the related party (See Note 3). The equipment loan amounted to \$938,000 as of May 31, 2018 and 2017. The Company accrued interest of \$7,035 and \$7,035 on this loan for the three months ended May 31, 2018 and 2017.

Subsequent to the change of control on December 28, 2017, an affiliate of the Company advanced \$83,210 for the operations of the Company. The advances do not carry any interest and are due on demand.

6. Convertible Note Payable

On October 1, 2013, the Company raised \$21,720 on issuance of a new convertible note. The note is convertible at the rate of \$0.001 per share, bears an interest of 18% and was payable on October 1, 2014. The Company recorded a discount of \$21,720 for the beneficial conversion feature on the note which was amortized over the term of note. The Company recorded interest expense of \$977 and \$977, on the note for the three months ended May 31, 2017 and 2016.

7. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported accumulated deficit of \$(16,317,194) as of May 31, 2018. The Company also incurred net losses of \$15,642 and \$19,288 for the three months ended May 31, 2018 and 2017, respectively. To date, these losses and deficiencies have been financed principally through the raising of equity and advances of the majority shareholders.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. At May 31, 2018, the Company had minimal operations. There can be no assurance that management will be successful in implementing its plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to acquire properties, and to cover costs of operations, we intend to do so through additional offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place, no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing will involve substantial dilution to existing investors.

8. Capital Stock

Common stock

During the year ended November 30, 2016, the Company issued 20,625,000 shares of common stock for the acquisition of a licensing agreement. The Company valued the shares at the fair market value of \$61,875 (See Note 4). As May 31, 2018, there were 439,884 shares of common stock were issued and outstanding.

Preferred stock

During the year ended November 30, 2016, the Company discovered that the number of shares of Series A Preferred Stock were under recorded by 17,403,475. The Company corrected the error during the year ended November 30, 2016. As of May 31, 2018, there were 314,035 shares of Series A Preferred Stock issued and outstanding.

Stock Option Plan

The Company has a stock option plan, under which the Company grants options to employees, non-employee directors, consultants and advisors of the Company or any subsidiary company to purchase common shares. In the case of consultants and advisors of the Company, options are only granted if bona fide services have been or are to be

rendered by such consultant or advisor and such services are not in connection with the offer of sale of securities in a capital raising transaction. The option price shall be determined by the Board of Directors of the Company and shall be above the fair market value price of the common stock when granted. The term and vesting period of the options granted shall be determined by the Board of Directors or by its chosen committee.

No new stock options were granted during the three months ended May 31, 2018 and there were no stock options outstanding as of May 31, 2018.

9. Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases 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.

The following is detail of income tax expense:

	U.S.	State	Total
Current	\$ -	\$ -	\$ -
Deferred	-	-	-
Total	-	-	-

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Statement of Operations:

	May 31, 2018
Tax expense (credit) at statutory rate - federal	34%
State tax expense net of federal tax	6%
Changes in valuation allowance	(40%)
Tax expense at actual rate	-%

We recorded an allowance of 100% for its net operating loss carry forward due to the uncertainty of its realization.

The Company did not provide any current or future United States federal or state tax provision or benefit for the periods presented because it has experienced operating losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carry forwards, because of uncertainty regarding its ability to be realized.

10. Subsequent Events.

None