

Quasar Aerospace Industries Inc.
 and consolidated subsidiaries
 Statement of Financial Position
 Unaudited
 September 30, 2011

Assets	
Cash	\$ 48,458
Accounts and loans receivable	816,052
Due from related parties	<u>33,719</u>
Total current assets	898,229
Fixed assets net of accumulated depreciation	292,529
Other assets	<u>9,650</u>
Total assets	<u><u>\$ 1,200,408</u></u>
Liabilities and Equity	
Liabilities	
Accounts payable	\$ 6,403
Loans and notes payable	979,185
Amounts due related parties	167,883
Other current liabilities	<u>17,435</u>
Total liabilities	1,170,906
Equity	
Common stock - 3,000,000,000 shares authorized, Par value \$ 00.00001 1,709,786,263 issued and outstanding	17,097
Preferred stock - 50,000,000 shares authorized, Par value \$ 00.01 930 A class preferred outstanding, 129,508 B class preferred outstanding,	9 1,295
Treasury stock	(390,885)
Paid in capital	2,819,902
Accumulated deficit	(2,520,364)
Net income(loss)	<u>102,448</u>
Total equity	29,502
Total liabilities and equity	<u><u>\$ 1,200,408</u></u>

Quasar Aerospace Industries Inc.
Statement of Operations
Unaudited
For the Nine Months Ended 9/30/2011

Expenses		
Salaries and Wages	\$	15,000
Depreciation		5,346
Legal		26,000
Shareholder relations		7,584
Communications		2,877
Other		931
Total expense	\$	<u>57,738</u>
Loss from operations	\$	<u><u>(57,738)</u></u>

Subsidiary companies are not included in this statement.

Quasar Aerospace Industries Inc.

Statement of Cashflows

Nine Months Ended September 30, 2011

OPERATING ACTIVITIES

Net income from operations	\$	102,448
Depreciation & Amortization		55,216
Changes in working capital items		
Accounts payable		(240,586)
Accounts receivable		(34,283)
Other current liabilities		(301,496)
Cashflow from operating activities		<u>(418,701)</u>

INVESTING ACTIVITIES

Investment in aircraft		(46,000)
Disposal of equipment		52,660
Cashflow from Investing		<u>6,660</u>

FINANCING ACTIVITIES

Increase in long term debt		202,901
Debt reduction from loan default		212,598
Issuance of stock		45,000
Cashflow from financing		<u>460,499</u>
Net change in cash		48,458
Beginning cash		0
Ending Cash	\$	<u><u>48,458</u></u>

See accompanying notes to financial statements

Quarterly Report
 Quasar Aerospace Industries Inc.
 Statement of Changes In Shareholders Equity
 Unaudited

	Common Stock		Preferred A Stock		Preferred B Stock		Treasury	Paid In	Accumulated	Shareholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Stock	Capital	(Deficit)	Equity
Balance 12/31/2009	<u>768,427,784</u>	<u>\$ 7,684</u>	<u>930</u>	<u>\$ 9</u>	<u>129,508</u>	<u>\$ 1,295</u>	<u>\$ (390,885)</u>	<u>\$ 2,528,945</u>	<u>\$ (1,287,368)</u>	<u>\$ 859,680</u>
Net Operating Loss									(1,232,997)	(1,232,997)
Common Stock Issued	<u>731,358,479</u>	<u>7,313</u>						<u>248,058</u>		<u>255,371</u>
Balance 12/31/2010	<u>1,499,786,263</u>	<u>14,997</u>	<u>930</u>	<u>9</u>	<u>129,508</u>	<u>1,295</u>	<u>(390,885)</u>	<u>2,777,003</u>	<u>(2,520,365)</u>	<u>(117,946)</u>
Net Operating Income									102,448	102,448
Common Stock Issued	<u>210,000,000</u>	<u>2,100</u>						<u>42,900</u>		<u>45,000</u>
Balance 9/30/2011	<u>1,709,786,263</u>	<u>\$ 17,097</u>	<u>930</u>	<u>\$ 9</u>	<u>129,508</u>	<u>\$ 1,295</u>	<u>\$ (390,885)</u>	<u>\$ 2,819,902</u>	<u>\$ (2,417,916)</u>	<u>\$ 29,502</u>

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