

AVT, Inc.
Consolidated Balance Sheets

	June 30, 2014 Unaudited	December 31, 2013 Unaudited
<u>Assets</u>		
Assets		
Cash and cash equivalents	959,698	\$ 376,695
Accounts receivable, net	780,115	340,389
Inventory	3,302,167	2,378,169
Total Current Assets	5,041,980	3,095,252
Non Current Assets		
Property and equipment, net	3,209,123	2,950,134
Intangibles, net	4,885,168	4,885,168
Total Assets	13,136,271	\$ 10,930,554
<u>Liabilities and Shareholders' Equity</u>		
Current Liabilities		
Accounts payable and accrued liabilities	433,379	\$ 351,400
Related party payable	242,720	107,180
Deferred income	484,414	484,414
Note payable	1,214,428	1,579,919
Convertible notes, net	1,177,208	945,308
Derivative liabilities	1,152,538	1,152,538
Total Current Liabilities	4,704,687	4,620,759
Long-Term Liabilities		
Capital leases obligations	262,027	234,588
Total Liabilities	4,966,714	4,855,346
Shareholders' Equity		
Preferred stock, \$.001 par value: Authorized shares: 10,000,000; Series A convertible 3,000,000 shares authorized: Issued and outstanding - 2,706,238 and 2,665,598	2,476	2,476
Common stock, \$.001 par value: Authorized shares 100,000,000; Issued and outstanding 11,294,902, and 11,502,369	18,128	17,155
Additional paid in capital	32,308,680	31,337,152
Common stock to be issued	-	-
Accumulated deficit	(24,159,726)	(25,281,576)
Total Shareholders' Equity	8,169,557	6,075,207
Total Liabilities and Shareholders' Equity	13,136,271	\$ 10,930,554

AVT, Inc.
Consolidated Statements of Operations

	3 Months Ended June 30, 2014 Unaudited	3 Months Ended June 30, 2013 Unaudited	6 Months Ended June 30, 2014 Unaudited	6 Months Ended June 30, 2013 Unaudited
Revenue				
Machine sales	\$ 1,046,115	\$ 1,516,260	\$ 2,723,701	\$ 3,012,120
Vending route sales	494,418	310,448	819,751	556,283
Total revenues	1,540,533	1,826,708	3,543,453	3,568,403
Cost of Sales	671,432	1,066,682	1,674,157	1,946,719
Gross Profit	869,101	760,027	1,869,295	1,621,684
Operating expense				
Sales and marketing	100,296	174,365	215,496	291,851
General and administrative	678,003	1,083,625	1,358,989	2,088,816
Total Operating Expense	778,299	1,257,989	1,574,485	2,380,667
Other Income/(Expense)				
Interest expense	(52,832)	(235,711)	(128,869)	(475,751)
Gain (loss) on derivative liabilities		73,166	-	208,404
Total Other Income/(Expense)	(52,832)	(171,192)	(128,869)	(318,521)
Net Income/(Loss)	\$ 37,970	\$ (669,155)	\$ 165,941	\$ (1,077,504)

AVT, Inc.

Consolidated Statements of Cash Flows

	6 Months Ended June 30, 2014 Unaudited	6 Months Ended June 30, 2013 Unaudited
Operating activities:		
Net income (loss)	\$ 165,941	\$ 793,681
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	665,821	665,221
(Gain) loss on derivative liabilities	(73,166)	(208,404)
Common stock issued for service	10,000	10,000
Amortization of debt discount on convertible notes	273,626	323,626
Gain or loss on conversion of debt	16,120	(33,880)
Changes in operating assets and liabilities:		
Accounts receivable	(92,923)	(1,207,579)
Inventory	(923,999)	200,754
Deferred income	-	(116,182)
Accounts payable and accrued liabilities	81,979	93,842
Net cash used in operating activities	123,399	521,079
Investing activities	-	-
Purchases of property and equipment, net	(620,657)	(973,396)
Net cash used in investing activities	(620,657)	(973,396)
Financing activities		
Repayment for related party payable	(242,315)	236,892
Proceeds(repaysment) from long term note payable	(320,087)	(225,476)
Proceeds form long term note payable	247,143	247,143
Proceeds(repaysment) for note payable	161,251	(38,749)
Proceeds from note payable	625,514	352,077
Proceeds from the sale stock for cash	608,754	610,102
Net cash provided by (used in) financing activities	1,080,261	1,181,989
Net increase (decrease) in cash and cash equivalents	583,003	729,673
Cash, beginning of year	376,695	1,059,708
Cash, end of year	\$ 959,698	\$ 1,789,381

See accompanying notes to financial statements