

**Quarterly Report**  
**American Premium Water Corporation**  
**Financial Statements and Footnotes**  
**(formally Expert Group Inc)**  
**Nine Months Ending September 30, 2014**  
**Unaudited**

**Quarterly Report**  
**American Premium Water Corporation**  
**Balance Sheet**  
**(formally Expert Group Inc)**  
**Nine Months Ending September 30, 2014**  
**Unaudited**

	September 30, 2014	December 31, 2013
<b>Current Assets</b>		
Cash	\$ 36,318	\$ -
Due from investors	76,850	-
Total current assets	<u>113,168</u>	<u>0</u>
<b>Other Assets</b>		
Due under financing agreement	116,256	-
Vendor deposit	3,500	-
Website Development Costs	1,700	1,700
<b>Total Assets</b>	<u>\$ 234,624</u>	<u>\$ 1,700</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 10,084	\$ 12,584
Convertible Notes due Third Parties	109,413	205,855
Derivative Liabilities On Notes due Third Parties	626,149	1,453,231
Stock and note repurchase agreements	170,303	-
Amounts due Officers & Related Parties	-	44,512
Other liabilities to Third Parties	21,503	18,903
Deferred Compensation	67,500	332,500
Accrued Interest Notes Payable	13,599	13,118
Total Current Liabilities	<u>1,018,551</u>	<u>2,080,703</u>
<b>Total Liabilities</b>	1,018,551	2,080,703
<b>Equity</b>		
Common stock - 16,000,000 authorized,	1,386	145
13,751,843 issued and outstanding, par value \$0.0001		
Series A Preferred Stock - 20,000,000 authorized	14,410	9,650
14,409,700 issued and outstanding, par value \$0.001		
Paid In Capital	40,658,086	843,749
Accumulated Deficit	(41,457,809)	(2,932,547)
Shareholders' Deficit	<u>(783,927)</u>	<u>(2,079,003)</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' DEFICIT</b>	<u>\$ 234,624</u>	<u>\$ 1,700</u>

**Quarterly Report**  
**Statements of Operations**  
**American Premium Water Corporation**  
**(formally Expert Group Inc.)**  
**Nine Months Ending September 30, 2014**  
**Unaudited**

<b>Income</b>	<b>2014</b>	<b>2013</b>
Sales	\$ 209,410	\$ 5,433
Cost of Goods Sold	<u>(164,309)</u>	<u>(1,491)</u>
Gross Profit (Loss)	45,101	3,942
<b>Expense</b>		
Business development		645
General & Administrative	300,668	323,413
Stock based compensation	38,210,550	-
Charitable Contributions	115,000	-
Discontinued Plant Operations	-	(13,888)
Professional Fees	98,588	900
Shareholder Expense	<u>115,165</u>	<u>14,347</u>
Total Operating Expense	38,839,971	325,417
Loss From Operations	(38,794,870)	(321,475)
<b>Other (Income) and Expense</b>		
(Gain) Loss on debt settlement	(165,354)	(1,000)
(Gain) Loss on Change in value of derivative liability	(145,326)	(312,262)
Derivative liability expense	-	553,195
Discount on convertible notes	19,919	138,400
Interest expense	<u>21,153</u>	<u>26,348</u>
Total other expense	(269,608)	404,681
Loss before provision for income tax	<u>(38,525,262)</u>	<u>(726,156)</u>
Provision for income tax	<u>-</u>	<u>-</u>
Net Loss	\$ <u><u>(38,525,262)</u></u>	\$ <u><u>(726,156)</u></u>
Net income (loss) per share - basic	\$ (4.79)	\$ (0.75)
Weighted average number of common shares outstanding - basic	8,039,330	973,700

Quarterly Report  
American Premium Water Corporation  
(formerly Expert Group Inc.)  
Statement of Changes In Shareholders Deficit  
Quarter Ending June 30, 2014  
Unaudited

	Common Stock		Preferred Stock		Paid In Capital	Accumulated Deficit	Shareholders' Deficit
	<u>1,445,608</u>	<u>\$ 145</u>	<u>9,650,000</u>	<u>\$ 9,650</u>	<u>843,749</u>	<u>(2,932,547)</u>	<u>(2,079,003)</u>
Balance December 31, 2013							
Conversion of Preferred To Common Stock	4,780,000	478	(47,800)	(48)	(430.00)		-
Issuance of Stock for services	12,015,963	1,202	10,015,300	10,015	39,664,421		39,675,638
Stock cancellations			(5,207,800)	(5,208)	(62,303)		(67,511)
Adjustments for reverse stock split	240	10					10
Stock issued for cash	511,916	51			212,649		212,700
Common stock retired	(5,001,884)	(500)					(500)
Net Loss						(38,525,262)	(38,525,262)
Balance September 30, 2014	<u>13,751,843</u>	<u>\$ 1,386</u>	<u>14,409,700</u>	<u>\$ 14,410</u>	<u>40,658,086</u>	<u>(41,457,809)</u>	<u>(783,927)</u>

**Quarterly Report**  
**American Premium Water Corporation**  
**(formally Expert Group, Inc.)**  
**Statement Of Cashflows**  
**Nine Months Ending September 30, 2014**  
**Unaudited**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Net loss from operations	\$ (38,525,262)	\$ (726,155)
Adjustment to reconcile net loss to net cash used in operating activities:		
Change in value of derivative liabilities	(145,326)	(312,262)
Stock based compensation	38,210,550	
Other non-cash adjustments to expenses	667	(5,029)
Write off of impaired assets		(16,667)
Derivative liability expense		553,195
Stock issued to charitable organization	115,000	
Deferred compensation	265,000	262,500
Amortization of debt discount	19,919	138,400
Gain on debt settlement	(165,354)	(1,000)
Adjustments to accrued interest on note conversions	(19,918)	
Changes in working capital items		
Accounts payable	(2,500)	1,911
Increase in inventory		(3,033)
Other assets	(3,500)	
Accrued interest	481	27,872
Cashflow from operating activities	(250,243)	(80,268)
<b>INVESTING ACTIVITIES</b>		
Website development	-	(3,700)
Cashflow from Investing	-	(3,700)
<b>FINANCING ACTIVITIES</b>		
Retirement of convertible notes	(96,442)	
Stock and note repurchasement agreements	170,303	
Proceeds for sale of stock	212,700	
Proceeds for convertible notes		90,000
Cashflow from financing	286,561	90,000
Net change in cash	36,318	6,032
Beginning cash	0	2,279
Ending Cash	\$ 36,318	\$ 8,311



## **Notes to Quarterly Report For The Nine Months Ended September 30, 2014**

The attached financial statements include adjustments to the prior financial periods. These adjustments were made as a result of new information obtained by current management from the Company's former transfer agent. The adjustments were primarily for the year ended December 31, 2013. The adjustments to the results of operations and the statement of financial position were substantially non-cash entries and will not significantly compromise future operations.

Previous management had issued convertible securities needed to raise working capital. These securities include rights to convert the securities to common stock and to acquire additional stock under a warrant agreement. These features create a derivative liability which we previously estimated using the Black Scholes valuation model. A number of these notes were retired under agreements with the holders to exchange them for new notes payable in cash. This eliminated a substantial portion of the previously reported derivative liability. Current management has not issued any financial instruments with derivative liabilities embedded during 2014.

### **Additional notes To Unaudited Financial Statements**

#### **Note 1. Significant Accounting Policies**

##### **Use of Estimates**

Preparation of the Company's financial statements, in accordance with generally accepted accounting principles, requires the use of management's estimates and assumptions that affect the financial statements and related notes. Actual results could differ from those estimates.

##### **Revenue Recognition**

The Company has historically earned revenue from the processing of mortgage applications and commissions generated from ATM machines the company owned. These businesses have been discontinued. Current revenue has been earned through the production and sale of high end bottled water under the brand name of L'Alpina.

##### **Liabilities Subordinated To The Claims of General Creditors**

At September 30, 2014 the Company had no liabilities subordinated to the claims of general creditors.

##### **Earnings Per Share**

The Company has adopted SFAS, No. 128, Earnings per Share. Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share would reflect the per share amount that would result if dilutive common stock equivalents were converted to common stock, as prescribed by SFAS No. 128. The company has convertible notes and preferred stock which, if converted, would be anti-dilutive since the company operates at a loss.

## Note 2. Working Capital and Financing Agreement

The company is currently in a re-start stage as we are entering new markets with a new product. As a result we have limited access to traditional financing sources and limited vendor credit. We have enjoyed some success in selling equity capital to a number of accredited investors but we are unable to facilitate a significant public offering of our common stock. We have therefore been reliant upon our Chief Executive Officer and his family to provide sufficient working capital to operate the company. To formalize this arrangement we have entered into a finance agreement which provides for up to \$400,000 in working capital to the Company. In exchange for this financing we have issued convertible preferred stock to the Chief Executive Officer and his family members.

## Note 3. Shareholders' Equity

The Company has not adopted a stock option plan for officers or employees.

For the nine month period ending September, 2014 the Company has issued 511,916 shares of common for new equity capital, 12,015,963 shares of common stock for services provided, converted preferred stock to 4,780,000 shares of common stock, and retired 5,001,884 of common stock.

## Note 4. Derivative Instruments

Prior to December 31, 2013 the Company had entered into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounted for these arrangements in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities ("ASC 815") as well as related interpretation of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or a loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering all of the rights and obligations of each instrument.

We estimated fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, we had considered, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, we had generally used the Black-Scholes model, adjusted for the effect of dilution, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, dilution and risk free rates) necessary to fair value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques (such as Black-Scholes model) are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes. Under the terms of the new accounting standard, increases in the trading price of the company's common stock and increases in fair value during a given financial quarter result in the application of non-cash derivative expense. Conversely, decreases in the trading price of the Company's common stock and decreases in trading fair value during a given financial quarter result in the application of non-cash derivative income.