

Highline Technical Innovations, Inc.

Profit & Loss

July - September, 2011

	<u>Total</u>
Income	
47900 SALES - HTI	246,816.28
	\$
Total 47900 SALES - HTI	246,816.28
	\$
Total Income	246,816.28
Cost of Goods Sold	
51000 Direct Materials	30,663.78
51010 Shipping	8,394.09
52010 Direct Labor	23,534.33
52011 Payroll Taxes-COGS	3,003.57
52020 Contract Labor-COGS	249.50
53000 Other Direct Expenses	51.97
53100 Warranty Expense	10,138.79
53110 Miscellaneous Supplies	5,262.28
53120 Maintenance	804.63
53130 Utilities	3,486.77
53140 Rent	2,400.00
53160 Insurance Expense	782.00
	\$
Total 53000 Other Direct Expenses	22,926.44
Cost of Goods Sold	167.75
	\$
Total Cost of Goods Sold	88,939.46
	\$
Gross Profit	157,876.82
Expenses	
Administrative Expenses	
60400 Bank Service Charges	919.65
61700 Computer and Internet Expenses	569.18
61720 Credit Card Charges	3,414.81
63300 Insurance Expense	5,928.02
63770 Licenses	1,511.28
64310 Maintenance	733.47
64500 Miscellaneous	8,522.67
64900 Office Supplies	817.91
66200 Wages	70,537.34
66300 Payroll Taxes	5,660.61
66700 Professional Fees	119,433.26
66750 Postage	233.28
66900 Reconciliation Discrepancies	-637.00
67100 Rent Expense	11,600.00
67250 Research & Development-Wildcat	1,426.29
67251 Research & Development-Hoss	5,874.66
67300 Shipping, Freight & Delivery	-20.00

67500 Taxes-General	1,153.94
68100 Telephone Expense	3,229.57
68200 Transportation	800.00
68300 Automobile Expense	643.92
68400 Travel Expense	1,840.06
68401 Entertainment Meals	37.36
68600 Utilities	<u>-269.01</u>
	\$
Total Administrative Expenses	243,961.27
Payroll Expenses	
Taxes	<u>612.50</u>
	\$
Total Payroll Expenses	612.50
Selling Expense	
60000 Advertising and Promotion	35,424.75
60100 Sales-Salaries	7,600.00
60110 Contract Labor	17,059.50
60250 Sales-Travel	13,862.10
60260 Meals and Entertainment	1,227.49
60500 Commission	<u>16,057.05</u>
	\$
Total Selling Expense	91,230.89
	\$
Total Expenses	335,804.66
	-
Net Operating Income	\$177,927.84
Other Income	
71000 Interest Earned	<u>0.34</u>
	\$
Total Other Income	0.34
Other Expenses	
81000 Interest Expense	<u>247.19</u>
	\$
Total Other Expenses	247.19
	-\$
Net Other Income	246.85
	-
Net Income	\$178,174.69

Comments from the CEO:

The third quarter was a successful building block for the future of HTI. Relationships with carriers were established and nurtured and the predicted task of “proving” the Wildcat commenced. The management team believes that the fruit of the company’s efforts is imminent. A positive step toward the credibility of the Wildcat taken during the third quarter, was the company’s acceptance of its application to verify the Wildcat as an approved technology for the EPA’s National Clean Diesel Campaign. HTI will continue to update its shareholders of the progress of the verification process.

HTI will announce the completion of agreements made and in-process in the coming weeks. One agreement currently being finalized will grant currently positioned transportation marketing experts the rights to all transportation fleets not already engaged with HTI. Projections of this agreement will be made when it has been completed. The management team of HTI had hoped to procure specific agreements before the quarter ending, but realistically knew it would take longer dealing with chains of command commonly encountered with larger carriers.

As in the development of the Agricultural market which is cyclical in nature, the Transportation market for the Wildcat has taken time to develop. HTI expects the coming quarters to reap benefits of its cultivation of key relationships in both industries. Agriculture revenues are expected to spike beginning in January as the farming community begins to prepare for the coming planting season.

Two dealers, independently contacted, are currently working with rail transportation companies; specifically for testing applications on locomotives. HTI is assisting the dealers with engineering and installation support. The first testing period is scheduled to begin during the first weeks of December. The primary goal of the testing is to measure the impact of the Wildcat system on the carbon footprint of a locomotive.

The HOSS UTV arrived in California and is in process of beginning the first phase of EPA certification of the unit. Upon successful completion of the testing by an EPA certified lab and approval of HTI management, HTI and Dong Feng Motors, Inc will continue into the next phase of the joint venture. HTI will update shareholders with the progress of the EPA certification and evaluation of the end product by the management team.

The third quarter also saw a shift in the management team of HTI. Mel Robinson resigned as CFO and furthered his move into retirement by submitting his resignation from the Board of Directors the first week of November. The HTI Board of Directors,

met today, November 15, 2011 to discuss a potential replacement as well as fill the vacant positions available. Information concerning the credentials of the accepting candidates will be released when positions are filled.

The management of HTI views 2011 as a season to lay the ground work for a solid foundation in the Agriculture and Transportation industries and looks forward to prosperous future quarters. HTI will continue to update shareholders and the investing community of substantial events as they happen.

Charlton Coats
CEO, Highline Technical Innovations, Inc.

These comments include forward-looking statements covered by the Private Securities Litigation Reform Act of 1995. These statements can generally be identified by phrases such "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" and similar expressions that indicate trends and future events. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ.