

## **Initial Company Information and Disclosure Statement**

**June 22, 2010**



**Lyric Jeans, Inc.**

### **Part A      General Company Information**

**Item I      The exact name of the issuer and its predecessor (if any).**

Lyric Jeans, Inc. from February 22, 2006 to Present  
Universal Media Holdings, Inc. from November 2, 2004 to February 22, 2006  
Synergy Software Development, Inc. from January 20, 2004 to November 2, 2004  
Preventive Technologies, Ltd, Corp. from March 21, 2002 to January 20, 2004  
e-Auction Network, Inc. from January 2, 2001 to March 21, 2002

**Item II      The address of the issuer's principal executive offices.**

Lyric Jeans, Inc.  
1000 Cory Avenue  
West Hollywood, CA 90069  
Phone: (310) 860-0952  
Fax: (310) 861-8617  
Website: [www.lyricculture.com](http://www.lyricculture.com)

**Item III      The jurisdiction(s) and date of the issuer's incorporation or organization.**

The Company was incorporated under the laws of the State of Florida on January 2, 2001 as e-Auction Network, Inc.

### **Part B      Share Structure and Issuance History**

**Item IV      The exact title and class of securities outstanding.**

CUSIP – 552351108

Trading Symbol – LYJN.PK

Classes – Common Shares

**Item V      Par or Stated Value and Description of the security.**

A.      Par or Stated Value for each class of outstanding securities.

Common Stock: \$0.000

B.      Common or Preferred Stock

1.      For common equity, describe any dividend, voting and preemption rights.

Each share of Common Stock is entitled to one vote.

2.      For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

Not Applicable

3.      Describe any other material rights of stockholders.

None

4.      Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.

None

**Item VI      The number of shares or total amount of the securities outstanding for each class of securities authorized.**

Provide information for each class of securities authorized. Provide the information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

	Period Ending 12/31/07	Period Ending 12/31/08	Period Ending 12/31/09	Period Ending 3/31/10
Number of Shares Authorized	1 Billion	1 Billion	1 Billion	1 Billion
Number of Shares Outstanding	86,172,540	394,058,544	395,574,701	558,131,626
Public Float	222	113,177,892	114,694,050	239,137,015
Total Number of Shareholders	655	650	648	660
Number of Beneficial Shareholders	1	2	2	2

## **Part C Business Information**

### **Item VII The name and address of the transfer agent.**

Transfer Online, Inc.  
512 SE Salmon Street  
Portland, OR 97214  
Phone: (503) 227-2950  
Fax: (503) 227-6874  
[www.transferonline.com](http://www.transferonline.com)

Transfer Online, Inc. is registered under the Exchange Act and the regulatory authority of the transfer agent is the SEC.

### **Item VIII The nature of the issuer's business.**

#### **A. Business Development**

Lyric Jeans, Inc. is a licensing and branding company. The Company has licensing agreements with major music publishing powerhouses providing access to millions of song titles and lyrics from these libraries. The Company designs, develops, manufactures, markets and distributes apparel and accessories under various labels including Lyric Culture, LYRIX and Lyric Generation. The company's products have been sold at a variety of retailers including, but not limited to, Bloomingdale's, Nordstrom and Target.

1. the form of organization of the issuer

Corporation

2. the year that the issuer was organized

The Company was originally incorporated in the State of Florida on January 2, 2001 as e-Auction Network, Inc.

3. the issuer's fiscal year end date

December 31

4. whether the issuer has been in bankruptcy, receivership or any similar proceeding

No

5. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets

On February 22, 2006, Universal Media Holdings, Inc. merged with Lyric Jeans, Inc. Universal remained as the surviving entity of the merger and Lyric was dissolved. Universal then changed its name to Lyric Jeans, Inc.

6. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments

No

7. any change of control

On February 22, 2006, Universal Media Holdings, Inc. merged with Lyric Jeans, Inc. Universal remained as the surviving entity of the merger and Lyric was dissolved. Universal then changed its name to Lyric Jeans, Inc.

8. Any increase of 10% or more of the same class of outstanding equity securities

On March 25, 2008, Hanna Rochelle Schmieder was issued 107,500,000 common shares in lieu of cash compensation for bonuses or services.

9. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization

On February 22, 2006, Universal Media Holdings, Inc. merged with Lyric Jeans, Inc. Universal remained as the surviving entity of the merger and Lyric was dissolved. Universal then changed its name to Lyric Jeans, Inc.

10. any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board

No

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters and the amounts involved.

None

B. Business of Issuer

Lyric Jeans, Inc. is a licensing and branding company. The Company has licensing agreements with major music publishing powerhouses providing access to millions of song titles and lyrics from these libraries. The Company designs, develops, manufactures, markets and distributes apparel and accessories under various labels including Lyric Culture, LYRIX and Lyric Generation. The company's products have been sold at a variety of retailers including, but not limited to, Bloomingdale's, Nordstrom and Target.

1. the issuer's primary and secondary SIC codes

Primary SIC # 2300  
Secondary SIC # 2320 and 2330

2. If the issuer has never conducted operations, is in the Development stage, or is currently conducting operations

The Company is currently conducting operations.

3. Whether the issuer is or has at any time been a “shell company”

No

4. Names of any parent, subsidiary, or affiliate of the issuer and its business purpose, method of operations, its ownership, and whether it is included in the financial statements attached to this disclosure statement

None

5. Effect of existing or probable government regulation on the business

None

6. Estimate of the amount spent during each of the last two fiscal years on research and development activities, and the extent to which the cost of such activities are borne directly by customers

Not applicable

7. Costs and effects of compliance with environmental laws (federal, state and local)

Not applicable

8. Number of total employees and number of full-time employees

The Company currently has 6 full-time employees and 1 part-time employee. In addition, the Company utilizes 10 to 12 consultants and independent contractors. This includes the CFO, COO, Accountant, Director of Merchandising, Publicist and Designers.

**Item IX      The nature of products or services offered.**

- A. principal products or services, and their markets

The Company offers apparel and accessories inspired by song lyrics. This includes tees, fleece, tanks, hoodies, scarves, jeans, jewelry, leather jackets, and belts and buckles.

- B. distribution methods of the products or services

Wholesale Operations:

The Company currently reaches wholesalers through the use of experienced independent sales representatives and through trade shows such as Project and the Fashion Coterie, which target the domestic specialty marketplace.

E-Commerce:

The Company operates a web-based store at [www.LyricCulture.com](http://www.LyricCulture.com) where customers can directly purchase limited edition and exclusive products.

- C. status of any publicly announced new product or service

None

- D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition

Currently, there is no direct competition.

- E. sources of availability of raw materials and names of principal suppliers

Due to the competitive nature of the industry, the Company does not wish to disclose the names of its suppliers.

- F. dependence on one or a few major customers

Not applicable

- G. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration

The Company has licensing agreements with the following:  
Sony / ATV Music Publishing LLC  
EMI Entertainment World, Inc.  
Universal Music Publishing Group  
Warner/Chappell Music, Inc.

The nature of the licensing agreements and their terms are considered proprietary information to the Company and disclosure would, in the Company's opinion, be significantly detrimental to its business relations with its licensors. In general, the Company is granted a right to print the lyrics of the songs owned and approved by the Licensor on apparel, accessories, and jewelry. Lyric then incorporates the lyrics into original designs and, after submitting the designs to the Licensor for approval, prints them on the specific clothing, accessory or jewelry item. Lyric pays the Licensor a royalty based on a percentage of the net wholesale price paid by the retailer.

- H. need for any government approval or principal products or services and the status of any requested government approvals

Not applicable

**Item X      The nature and extent of the issuer's facilities**

Describe the assets, properties, or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

If the issuer leases any assets, properties, or facilities, clearly describe them as above and the terms of their leases.

The Company leases office space in Los Angeles, California.

1000 Cory Avenue  
West Hollywood, CA 90069

**Part D      Management Structure and Financial Information**

**Item XI      The name of the chief executive officer, members of the board of directors, as well as control persons.**

- A. Officers and Directors

1. **CEO:**

Ronny Halperin  
17961 Biscayne Boulevard  
Suite B-1  
Aventura, FL 33160



**Compensation by the issuer:**

There is no formal employment agreement between the issuer and the officers at this time.

**Number and class of the issuer's securities beneficially owned by each such person:**

103,300,975 common shares

**2. President:**

Hanna Rochelle Schmieder  
1000 Cory Avenue  
West Hollywood, CA 90069

**Compensation by the issuer:**

\$144,000 per year

**Number and class of the issuer's securities beneficially owned by each such person:**

204,300,000 common shares

**B. Legal/Disciplinary History**

Have any of the foregoing persons, in the past 5 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding.

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banding activities.

No

3. A finding or judgment which has not been reversed, suspended, or vacated.

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

No

- C. Disclosure of Family Relationships  
Describe any family relationships existing among and between officers, directors, and shareholders.

Not applicable

- D. Disclosure of Related Party Transactions  
Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest.

Not applicable

- E. Disclosure of Conflicts of Interest  
Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

None

**Item XII Financial information for the issuer's most recent fiscal period (March 31, 2010)**

Financial information for period ending March 31, 2010 can be found at the end of the Initial Information and Disclosure Statement as Appendix A.

- 1) Balance Sheet
- 2) Statement of Income
- 3) Statement of Cash Flows
- 4) Statement of changes in stockholders' equity

- 5) Financial Notes – the Company does not believe financial notes are necessary at this time
- 6) Audit Letter, if audited – Not Applicable

**Item XIII      Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

Financial information for year ending December 31, 2009 can be found at the end of the Initial Information and Disclosure Statement as Appendix B.

Financial information for year ending December 31, 2008 can be found at the end of the Initial Information and Disclosure Statement as Appendix C.

Although financial information for year ending December 31, 2007 is not required, the Company has chosen to include the information. The financial information for year ending December 31, 2007 can be found at the end of the Initial Information and Disclosure Statement as Appendix D.

**Item XIV      Beneficial Owners**

Provide a list of the name, address and shareholdings of all persons owning more than 5% of any class of the issuer's equity securities.

Ronny Halperin – 103,300,975 common shares  
17961 Biscayne Boulevard  
Suite B-1  
Aventura, FL 33160

Hanna Rochelle Schmieder – 204,300,000 common shares  
1000 Cory Avenue  
West Hollywood, CA 90069

**Item XV      The name, address, phone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:**

- 1. Investment Banker

None

2. Promoters

None

3. Corporate Counsel

Ronny Halperin  
17961 Biscayne Blvd.  
Suite B-1  
Aventura, FL 33160  
(305) 932-6900  
RHalperin@bellsouth.net

4. Accountant or Auditor- the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

Debbie Loudon  
Northridge, CA  
[numberslane@yahoo.com](mailto:numberslane@yahoo.com)

5. Public Relations Consultant

None

6. Investor Relations Consultant

None

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the telephone number and email address of each advisor.

Kimberly Graus, P.A.  
4949 State Road 64 East, PMB #141  
Bradenton, FL 34208  
(941) 747-5290  
KGraus@tampabay.rr.com

Aron Brooks  
Think Pink LLC  
3440 Preston Ridge Rd  
Suite 600  
Alpharetta, GA 30005  
(866)770-0006  
Aron@thinkpinkllc.com

**Item XVI      Management's Discussion and Analysis or Plan of Operation**

**A.      Plan of Operation**

1.      Describe the issuer's plan of operation for the next 12 months -

Lyric Jeans, Inc. plans to design and produce fall and holiday collections for 2010 driven by a wide range of song lyrics by legendary artists. The collections will emphasize current fashion trends while augmenting Lyric as a lifestyle brand for the music-lover. Lyric plans to expand its product range into multiple categories across various distribution tiers. The company will continue selling its music-driven products through wholesale operations, e-commerce and other retail avenues. The company plans to increase its merchandising, marketing and sales team to achieve greater product awareness and market penetration.

- i.      discuss how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next 12 months

At this time, the Company has sufficient funds to satisfy its cash requirements.

- ii.      summary of any product research and development that the issuer will perform for the term of the plan

Not applicable

- iii.      any expected purchase or sale of plant and significant equipment

Not applicable

- iv. any expected significant changes in the number of employees

Not applicable

**B. Management's Discussion and Analysis of Financial Condition and Results of Operations** (should be read in conjunction with the consolidated financial statements included herein)

- 1. *Full fiscal years.* Discuss the issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the issuer. If material, the issuer should disclose the following:

The Company has sales of \$170,317 for the period ending March 31, 2010. The Company reflected an increase in sales for the period ending December 31, 2009 of \$1,522,063 compared to sales revenues for the period ending December 31, 2008 of \$1,154,002. This is an increase of 368,061 or 31.89%.

The Company had operating expenses of \$237,693 for the period ending March 31, 2010. The Company had operating expenses of \$973,850 for the period ending December 31, 2009 compared to operating expenses of \$968,413 for the period ending December 31, 2008. This is a decrease of \$5,437. As Lyric has moved forward, processes have been streamlined and expenses have been minimized. Lyric has been able to achieve this through a knowledgeable production team, experienced designers who are familiar with the brand, and dependable suppliers.

- i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the issuer's short-term or long-term liquidity;

Not Applicable

- ii. Internal and external sources of liquidity;

The Company has sufficient cash resources to meet its requirements.

- iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures;

Not Applicable

- iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;

Not Applicable

- v. Any significant elements of income or loss that do not arise from the issuer's continuing operations;

Not Applicable

- vi. The causes for any material changes from period to period in one or more line items of the issuer's financial statements; and

Not Applicable

- vii. Any seasonal aspects that had a material effect on the financial condition or results of operation.

Not Applicable

- 2. *Interim Periods.* Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

Not Applicable

### **C. Off-Balance Sheet Arrangements**

Not applicable

## **Part E Issuance History**

### **Item XVII List of securities offerings and shares issued for services in the past two years.**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer (1) within the two-year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year.

<u>Date</u>	<u>Shareholder</u>	<u>Nature of Offering</u>	<u>Jurisdiction</u>	<u># of Shares Offered</u>	<u># of Shares Sold</u>	<u>Price Per share</u>	<u>Dollar Amount Sold</u>	<u>Trading Status of Shares</u>	<u>Legend</u>
2/9/2010	Members of the Advisory Board	In lieu of compensation	California		Total of 4,000,000			restricted shares	yes
3/18/2010	Hanna Schmieder	In lieu of compensation	California		89,200,000			restricted shares	Yes
3/18/2010	Ronny Halperin	In lieu of compensation	Florida		41,250.98			restricted shares	Yes
6/20/2008	North Bay Holding Corp.	504	Minnesota	15,625,000	15,625,000	0.0016	25,000	unrestricted	No
3/25/2008	Hanna Schmieder	In lieu of compensation	California		107,500,000			restricted shares	Yes
3/25/2008	Ronny Halperin	In lieu of compensation	Florida		32,250,000			restricted shares	Yes
3/25/2008	North Bay Holding Corp.	504	Minnesota	33,333,333	33,333,333	0.006	200,000	unrestricted	No
2/28/2008	Omnia, LLC	504	Minnesota	1,000,000	1,000,000	0.02	20,000	unrestricted	No
2/28/2008	Parker Anderson Investment, LLC	504	Minnesota	1,000,000	1,000,000	0.02	20,000	unrestricted	No
2/28/2008	Perlinda Enterprises, LLC	504	Minnesota	1,000,000	1,000,000	0.02	20,000	unrestricted	No
1/11/2008	Omnia, LLC	504	Minnesota	3,000,000	1,000,000	0.025	25,000	unrestricted	No
1/11/2008	Parker Anderson Investment, LLC	504	Minnesota	3,000,000	1,000,000	0.025	25,000	unrestricted	No

All shares issued to Advisory Board Members (total of 4,000,000) were in lieu of compensation for duties performed as advisors to the Company



All shares issued to Hanna Rochelle Schmieder were in lieu of compensation for duties performed as President of the Company.

All shares issued to Ronny Halperin were in lieu of compensation for duties performed as CEO of the Company.

North Bay Holding Corp.  
590 Park Street #6  
St. Paul, MN 55103

The Company has given due effort in an attempt to find out who the principal shareholders of North Bay Holding Corp. are, but there is no public record of this information. The shareholder is not a public company, so the Company has been unable to determine the information.

Omnia, LLC

The Company has given due effort in an attempt to find out the principal shareholders of Omnia, LLC but has been unable to determine the information.

Parker Anderson Investment, LLC

The Company has given due effort in an attempt to find out the principal shareholders of Parker Anderson Investment, LLC but has been unable to determine the information.

Perlinda Enterprises, LLC

The Company has given due effort in an attempt to find out the principal shareholders of Perlinda Enterprises, LLC but has been unable to determine the information.

## **Part F       Exhibits**

The following exhibits must be either described in or attached to the disclosure statement:

### **Item XVIII    Material Contracts**

The Merger Agreement has been posted on pinksheets.com under the "Financials" section.

### **Item XIX Articles of Incorporation and Bylaws.**

The Articles of Incorporation have been posted on pinksheets.com under the "Financials" section.

The Bylaws have been posted on pinksheets.com under the "Financials" section.

**Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

Not Applicable

**Item XX Issuer's Certifications**

June 22, 2010

I, Ronny Halperin, certify that:

1. I have reviewed this Issuer Initial Disclosure Statement of Lyric Jeans, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operation and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/ Ronny Halperin

Ronny Halperin  
CEO

## Appendix A

Balance Sheet  
March 31, 2010

Unaudited and Internally Prepared by Management

### ASSETS

Current Assets	
Cash	59,759.39
Accounts Receivable	152,820.30
Inventory	26,165.50
Prepaid Expenses and Other Current Assets	28,873.88
Total Current Assets	\$267,619.07
Fixed Assets	
Equipment	43,624.51
Accumulated Depreciation	(24,605.28)
Total Equipment	\$19,019.23
Deposits	\$14,850.00
<b>Total Assets</b>	<b>\$301,488.30</b>

### LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities	
Accounts Payable	150,614.48
Due to Factor	100,480.53
Unearned Royalties	14,956.87
Loan Payables	129,687.76
Accrued Expenses	73,133.50
Customer Deposits	-----
Total Current Liabilities	\$468,873.14
Shareholders Equity	
Common Stock	120,406.21
Additional Paid In Capital	2,355,927.31
Deficit	(2,643,718.36)

Total Shareholders Equity	(167,384.84)
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<b>Total Liabilities and Shareholders Equity</b>	<b>\$301,488.30</b>
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Statement of Income  
For the Quarter Ended March 31, 2010  
Unaudited and Internally Prepared by Management

Sales	170,317.85
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Cost of Sales	96,753.92
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Gross Profit	73,563.93
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Operating Expenses

Design Expenses	43,740.51
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Selling and Shipping Expenses	63,846.35
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General and Administrative Expenses	130,107.03
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Total Operating Expenses	237,693.89
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Income (Loss) from Operations	(164,129.96)
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Other Income (Expense)

Royalty Income	3,547.14
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Interest Income	1.77
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Interest Expense	(3,828.95)
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Total Other Income and Expenses	(280.04)
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<b>Net Income (Loss)</b>	<b>(\$164,410.00)</b>
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Statement of Cash Flows  
For the Quarter Ended March 31, 2010  
Unaudited and Internally Prepared by Management

Cash Flow from Operating Activities:	
Net Income (Loss)	(\$164,410.00)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	2,077.88
Changes in Assets and Liabilities	
Accounts Receivable	378,490.11
Inventory	7,338.87
Prepaid Expenses and Other Current Assets	(11,610.01)
Accounts Payable	(51,600.15)
Due to Factor	(254,820.08)
Loan Payables	93,756.78
Accrued Expenses	1,985.94
Customer Deposits	(3,547.14)
Net Cash Flow Used From Operating Activities	(2,337.80)
Cash Flow from Investing Activities:	
Payments to Acquire Fixed Assets	(3,101.05)
Net Cash Flow Used by Investing Activities	(3,101.05)
Cash Flow from Financing Activities:	
Increase in Additional Paid In Capital	65,000.00
Net Cash Flow from Financing Activities	65,500.00
Net Increase (Decrease) in Cash	(59,561.15)
Cash, Beginning of the Year	198.24
Cash, End of the Year	\$59,759.39

Statement of Shareholders Equity  
For the Quarter Ended March 31, 2010  
Unaudited and Internally Prepared by Management

	Common Stock	Additional Paid-In Capital	Deficit	Total
BALANCE JANUARY 1, 2010	\$ 120,406.21	\$ 2,290,927.31	\$ (2,479,308.36)	\$ (67,974.84)
CONTRIBUTED CAPITAL		65,000.00		\$ 65,000.00
NET INCOME (LOSS)			(164,410.00)	\$ (164,410.00)
BALANCE MARCH 31, 2010	\$ 120,406.21	\$ 2,355,927.31	\$ (2,643,718.36)	\$ (167,384.84)

## **Appendix B**

Balance Sheet  
December 31, 2009  
Unaudited and Internally Prepared by Management

### **ASSETS**

Current Assets	
Cash	198.24
Accounts Receivable	531,310.41
Inventory	33,504.37
Prepaid Expenses and Other Current Assets	17,263.87
 Total Current Assets	 \$582,276.89
 Fixed Assets	
Equipment	40,523.46
Accumulated Depreciation	(22,527.40)
Total Equipment	\$17,996.06
 Deposits	 \$14,850.00
 <b>Total Assets</b>	 <b>\$615,122.95</b>

### **LIABILITIES AND SHAREHOLDERS EQUITY**

Current Liabilities	
Accounts Payable	202,214.63
Due to Factor	355,300.61
Loan Payables	35,930.98
Accrued Expenses	71,147.56
Customer Deposits	-
 Total Current Liabilities	 \$683,097.79
 Shareholders Equity	
Common Stock	120,406.21
Additional Paid In Capital	2,290,927.31
Deficit	(2,479,308.36)

Total Shareholders Equity	(67,974.84)
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<b>Total Liabilities and Shareholders Equity</b>	<b>\$615,122.95</b>
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Statement of Income  
For the Year Ended December 31, 2009  
Unaudited and Internally Prepared by Management

Sales	1,522,063.31
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Cost of Sales	936,251.28
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Gross Profit	585,812.03
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Operating Expenses	
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Design Expenses	210,726.67
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Selling and Shipping Expenses	338,565.85
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General and Administrative Expenses	424,558.29
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Total Operating Expenses	973,850.81
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Income (Loss) from Operations	(388,038.78)
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Other Income (Expense)	
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Royalty Income	3,995.99
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Interest Income	239.37
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Interest Expense	(18,842.84)
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Total Other Income and Expenses	(14,607.48)
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<b>Net Income (Loss)</b>	<b>(\$402,646.26)</b>
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Statement of Cash Flows  
For the Year Ended December 31, 2009  
Unaudited and Internally Prepared by Management

Cash Flow from Operating Activities:	
Net Income (Loss)	(\$402,646.26)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	7,639.63
Changes in Assets and Liabilities	
Accounts Receivable	(456,334.35)
Inventory	19,192.22
Prepaid Expenses and Other Current Assets	108,796.22
Accounts Payable	97,072.34
Due to Factor	355,300.61
Loan Payables	14,281.17
Accrued Expenses	56,850.07
Customer Deposits	(70,180.70)
Net Cash Flow Used From Operating Activities	(251,525.04)
Cash Flow from Investing Activities:	
Payments to Acquire Fixed Assets	(3,920.81)
Net Cash Flow Used by Investing Activities	(3,920.81)
Cash Flow from Financing Activities:	
Sale of Stock	69,800.00
Net Cash Flow from Financing Activities	69,800.00
Net Increase (Decrease) in Cash	(185,645.85)
Cash, Beginning of the Year	185,844.09
Cash, End of the Year	198.24

Statement of Shareholders Equity  
For the Year Ended December 31, 2009  
Unaudited and Internally Prepared by Management

	Common Stock	Additional Paid-In Capital	Deficit	Total
BALANCE DECEMBER 31, 2008	\$ 120,406.21	\$ 2,221,127.31	\$ (2,076,662.10)	\$ 264,871.42
CONTRIBUTED CAPITAL		69,800.00		\$ 69,800.00
NET INCOME (LOSS)			(402,646.26)	\$ (402,646.26)
BALANCE DECEMBER 31, 2009	\$ 120,406.21	\$ 2,290,927.31	\$ (2,479,308.36)	\$ (67,974.84)

## Appendix C

Balance Sheet  
December 31, 2008  
Unaudited and Internally Prepared by Management

### ASSETS

Current Assets	
Cash	\$185,844.09
Accounts Receivable	74,976.06
Inventory	52,696.59
Prepaid Expenses and Other Current Assets	126,060.09
Total Current Assets	\$439,576.83
Fixed Assets	
Equipment	36,602.65
Accumulated Depreciation	(14,887.77)
Total Equipment	\$21,714.88
Deposits	\$14,850.00
<b>Total Assets</b>	<b>\$476,141.71</b>

### LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities	
Accounts Payable	105,142.29
Loan Payables	21,649.81
Accrued Expenses	14,297.49
Customer Deposits	70,180.70
Total Current Liabilities	\$211,270.29
Shareholders Equity	
Common Stock	120,406.21
Additional Paid In Capital	2,221,127.31
Deficit	(2,076,662.10)

Total Shareholders Equity	\$264,871.42
<b>Total Liabilities and Shareholders Equity</b>	<b>\$476,141.71</b>

Statement of Income  
For the Year Ended December 31, 2008  
Unaudited and Internally Prepared by Management

Sales	\$1,154,002.34
Cost of Sales	472,230.75
Gross Profit	681,771.59
Operating Expenses	
Design Expenses	283,018.84
Selling and Shipping Expenses	352,846.56
General and Administrative Expenses	332,548.58
Total Operating Expenses	968,413.98
Income (Loss) from Operations	(286,642.39)
Other Income (Expense)	
Interest Income	1,381.32
Interest Expense	(6,473.55)
Total Other Income and Expenses	(5,092.23)
<b>Net Income (Loss)</b>	<b>(\$291,734.62)</b>

Statement of Cash Flows  
For the Year Ended December 31, 2008  
Unaudited and Internally Prepared by Management

Cash Flow from Operating Activities:	
Net Income (Loss)	\$(291,734.56)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	7,289.80
Changes in Assets and Liabilities	
Accounts Receivable	28,217.98
Inventory	8,313.34
Prepaid Expenses and Other Current Assets	(22,187.49)
Accounts Payable	52,826.76
Loan Payables	2,344.95
Accrued Expenses	6,264.99
Customer Deposits	70,180.70
Net Cash Flow Used From Operating Activities	(138,483.53)
Cash Flow from Investing Activities:	
Payments to Acquire Fixed Assets	(1,842.81)
Net Cash Flow Used by Investing Activities	(1,842.81)
Cash Flow from Financing Activities:	
Sale of Stock	322,917.00
Net Cash Flow from Financing Activities	322,917.00
Net Increase (Decrease) in Cash	182,590.66
Cash, Beginning of the Year	3,253.43
Cash, End of the Year	185,844.09

## Appendix D

Balance Sheet  
December 31, 2007  
Unaudited and Internally Prepared by Management

### ASSETS

Current Assets	
Cash	3,253.43
Accounts Receivable	103,194.04
Inventory	61,009.93
Prepaid Expenses and Other Current Assets	103,872.60
Total Current Assets	\$271,330.00
Fixed Assets	
Equipment	34,759.84
Accumulated Depreciation	(7,597.97)
Total Equipment	\$27,161.87
Deposits	\$14,850.00
<b>Total Assets</b>	<b>\$313,341.87</b>

### LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities	
Accounts Payable	52,315.53
Loan Payables	19,304.86
Accrued Expenses	8,032.50
Customer Deposits	-
Total Current Liabilities	\$79,652.89
Shareholders Equity	
Common Stock	120,406.21
Additional Paid In Capital	1,898,210.31
Deficit	(1,784,927.54)

Total Shareholders Equity	\$233,688.98
<b>Total Liabilities and Shareholders Equity</b>	<b>\$313,341.87</b>

Statement of Income  
For the Year Ended December 31, 2007  
Unaudited and Internally Prepared by Management

Sales	\$439,287.15
Cost of Sales	314,521.48
Gross Profit	124,765.67
Operating Expenses	
Design Expenses	90,722.66
Selling and Shipping Expenses	428,572.73
General and Administrative Expenses	495,666.06
Total Operating Expenses	1,014,961.45
Income (Loss) from Operations	(890,195.78)
Other Income (Expense)	
Interest Income	1,670.12
Interest Expense	(428.00)
Total Other Income and Expenses	1,242.12
<b>Net Income (Loss)</b>	<b>\$(888,953.66)</b>

Statement of Cash Flows  
For the Year Ended December 31, 2007  
Unaudited and Internally Prepared by Management

Cash Flow from Operating Activities:	
Net Income (Loss)	\$(888,953.66)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	6,287.26
Changes in Assets and Liabilities	
Accounts Receivable	(103,194.04)
Inventory	34,990.09
Prepaid Expenses and Other Current Assets	(91,476.53)
Accounts Payable	44,897.37
Loan Payables	19,304.86
Accrued Expenses	(3,749.02)
Customer Deposits	- --
Net Cash Flow Used From Operating Activities	(981,893.67)
Cash Flow from Investing Activities:	
Payments to Acquire Fixed Assets	(12,952.26)
Net Cash Flow Used by Investing Activities	(12,952.26)
Cash Flow from Financing Activities:	
Sale of Stock	921,019.31
Net Cash Flow from Financing Activities	921,019.31
Net Increase (Decrease) in Cash	(73,826.62)
Cash, Beginning of the Year	\$77,080.05
Cash, End of the Year	\$3,253.43



