

Quasar Aerospace Industries Inc. & Consolidated Subsidiaries
Statement of Financial Position
Periods Ended September 30
Unaudited

	2013	2012
Assets		
Cash	\$ 42,629	\$ 23,311
Accounts receivable	4,202	696
Inventory	1,587	
Short Term Loans and notes receivable	53,450	120,792
Total current assets	<u>101,868</u>	<u>144,799</u>
Fixed Assets		
Equipment	284,824	331,509
Accumulated depreciation	<u>(260,801)</u>	<u>(259,189)</u>
Fixed assets, net	24,023	72,320
Other assets		
Goodwill, net of amortization	35,598	39,531
Deposit on aircraft	-	5,000
Investment in subsidiaries	683,348	812,224
Other assets	<u>27</u>	
Total other assets	718,973	856,755
Total assets	<u>\$ 844,864</u>	<u>\$ 1,073,874</u>
Liabilities and capital		
Accounts payable	\$ 83,077	36,168
Payroll liabilities	43,615	23,735
Prepaid revenue	10,088	9,176
Other current liabilities	<u>82,104</u>	<u>134,088</u>
Total current liabilities	218,884	203,167
Long term liabilities		
Notes payable third parties	59,091	15,000
Deferred compensation	191,017	132,676
Notes payable to officers	74,674	130,175
Amounts due related parties	<u>312,530</u>	<u>295,328</u>
Total long term liabilities	637,312	573,179
Total liabilities	<u>856,196</u>	<u>776,346</u>
Equity		
Common stock, Par value \$.00001,	38,395	310
Authorized 475,000,000 shares, issued and outstanding 383,949,889		
Preferred stock - par value \$.001	29	29
Series A Authorized 1,000,000 shares, 2,890 shares issued and outstanding		
Series B Authorized 150,000 shares, 129,508 shares issued and outstanding	1,295	-
Series C Authorized 1,000,000 shares, no shares issued	-	-
Treasury stock	(391)	(391)
Paid in capital	4,172,449	3,618,952
Accumulated deficit	(3,918,326)	(2,832,146)
Net income (loss)	<u>(304,783)</u>	<u>(489,226)</u>
Total shareholders (deficit)equity	(11,332)	297,528
Total liabilities and capital	<u>\$ 844,864</u>	<u>\$ 1,073,874</u>

See accompanying notes to financial statements

Quasar Aerospace Industries & Consolidated Subsidiaries
Statement of Operations
Nine Month Period Ended September 30
Unaudited

	2012	2012
Revenue	\$ <u>\$258,407</u>	\$ <u>\$321,225</u>
Total revenue	<u>\$258,407</u>	<u>\$321,225</u>
Expenses		
Advertising	-	\$867
Aircraft fuel, supplies & maint.	\$129,507	\$92,353
Bank and credit card services	\$4,250	\$6,568
Communications	\$8,172	\$5,343
Contracted labor	\$30,063	\$48,439
Depreciation and amortization	\$30,996	\$69,511
Discounts and allowances	\$1,497	\$53,869
Dues and subscriptions	\$2,100	-
Facilities rent & office expense	\$47,400	\$26,385
Insurance	\$28,143	\$17,790
Interest	\$21,116	\$3,477
Leased and rented equipment	\$0	\$15,438
Legal and accounting fees	\$37,806	-
License and permits	\$127	\$5,559
Office expenses	\$6,531	-
Other expenses	\$12,131	\$36,898
Payroll and related	\$186,096	\$314,607
Professional fees	\$15,372	\$81,262
Shareholder related expenses	-	\$14,982
State and local taxes	\$698	-
Travel and entertainment	\$229	\$309
Utilities	\$906	\$6,674
Total expenses	\$ <u>\$563,140</u>	<u>\$800,331</u>
Net (loss) from operations	\$ <u><u>(\$304,733)</u></u>	<u><u>(\$479,106)</u></u>
Other comprehensive income		
Loss on disposal of assets	-	(\$10,120)
Comprehensive (loss)	\$ <u><u>(\$304,733)</u></u>	<u><u>(\$489,226)</u></u>
Net loss per share	(\$0.00)	(\$0.06)
Weighted average primary and fully diluted common shares outstanding		
	135,503,723	8,387,258

See accompanying notes to financial statements

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

	Common Stock		Preferred A Stock		Preferred B Stock		Treasury	Paid In Capital	Accumulated	Shareholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Stock		(Deficit)	Equity
Balance 12/31/2012	<u>40,960,352</u>	<u>\$ 410</u>	<u>2,092</u>	<u>29</u>	<u>129,508</u>	<u>1,295</u>	<u>(391)</u>	<u>3,923,102</u>	<u>(3,905,665)</u>	<u>18,780</u>
Non-operating adjustments								896	(12,661)	(11,765)
Stock Issued for note conversions	272,256,204	37,278						217,158		254,436
Shares issued for new equity	70,733,333	707						31,293		32,000
Operating Loss									(304,783)	(304,783)
										0
Balance 9/30/2013	<u>383,949,889</u>	<u>\$ 38,395</u>	<u>2,092</u>	<u>\$ 29</u>	<u>\$ 129,508</u>	<u>\$ 1,295</u>	<u>\$ (391)</u>	<u>\$ 4,172,449</u>	<u>\$ (4,223,109)</u>	<u>\$ (11,332)</u>

See accompanying notes to financial statements

Quasar Aerospace Industries Inc. & Consolidated Subsidiaries
Statements of Cashflows
Twelve Months Ended
Unaudited

	7/5/1905	2012
OPERATING ACTIVITIES		
Comprehensive loss	\$ (304,783)	(489,226)
Depreciation & Amortization	30,996	69,511
Changes in working capital items		
Accounts payable	18,143	5,942
Accounts receivable third parties	1,454	437
Accounts receivable related parties	(29,472)	(104,571)
Payroll liabilities	8,044	7,757
Deferred compensation	52,446	132,676
Reduction in inventory	19	
Other current liabilities	33,949	78,562
Prepaid services		(656)
Cashflow from operating activities	(189,204)	(299,568)
INVESTING ACTIVITIES		
Additions to equipment		(572)
Disposal of equipment	38,193	10,120
Investment in subsidiaries	42,516	
Disposal of (increases in) other assets	12,587	12,400
Cashflow from Investing	93,296	21,948
FINANCING ACTIVITIES		
Changes in long term liabilities	(292,221)	(100,000)
Advances from related parties and officers	145,651	297,655
Reduction in debt due from Acquisition		(116,875)
Adjustment to stock due to reverse stock split		291,280
Adjustments to paid in capital	249,347	(120,135)
Sale of additional equity	10,500	
Cashflow from financing	113,277	251,925
Net change in cash	17,369	(25,695)
Beginning cash	25,260	49,006
Ending Cash	\$ 42,629	\$ 23,311

See accompanying notes to financial statements