

GOLD RIVER PRODUCTIONS, INC.
COMPILED FINANCIAL STATEMENTS
For the Three and Twelve Months Ended
December 31, 2010

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ADAMS & PETERSEN, CPAS LLC
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

**Board of Directors
Gold River Productions, Inc.
Salt Lake City, Utah**

We have compiled the accompanying balance sheet of Gold River Productions, Inc., as of December 31, 2010 and the related statements of operations and stockholders' equity and cash flows for the three and twelve months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to Gold River Productions, Inc.

Adams & Petersen, CPAs LLC

Clearfield, Utah
February 12, 2011

GOLD RIVER PRODUCTIONS, INC.
COMPILED BALANCE SHEET
December 31, 2010

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		\$ 83,906
	TOTAL CURRENT ASSETS	<u>83,906</u>
EQUIPMENT (net of accumulated depreciation)		5,914
OTHER ASSETS		
Deferred income taxes		265,400
Intangible assets (net of accumulated amortization)		<u>195,000</u>
	TOTAL ASSETS	<u><u>\$ 550,220</u></u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,662	
Note payable	190,000	
Income taxes payable	<u>100</u>	
	TOTAL CURRENT LIABILITIES	\$ 193,762
DEFERRED INCOME TAXES		8,100
STOCKHOLDERS' EQUITY		
Common stock, \$.001 par value, 100,000,000 shares authorized, 90,655,607 shares issued and outstanding	90,656	
Capital in excess of par value	424,485	
Retained deficit	<u>(166,783)</u>	
	TOTAL STOCKHOLDERS' EQUITY	<u>348,358</u>
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 550,220</u></u>

See accompanying notes and accountants' compilation report.

GOLD RIVER PRODUCTIONS, INC.
COMPILED STATEMENTS OF OPERATIONS
For The Three and Twelve Months Ended December 31, 2010

	<u>Three Months Ended December 31, 2010</u>	<u>Twelve Months Ended December 31, 2010</u>
INCOME		
Revenue	\$ -	\$ -
Cost of good sold	<u>-</u>	<u>-</u>
GROSS PROFIT	-	-
EXPENSES		
General and administrative	38,348	53,581
Depreciation and amortization	<u>1,683</u>	<u>6,879</u>
	<u>40,031</u>	<u>60,460</u>
OPERATING LOSS	(40,031)	(60,460)
Loss before income taxes	(40,031)	(60,460)
Income tax (benefit)	<u>(39,500)</u>	<u>(45,300)</u>
NET LOSS	<u>\$ (531)</u>	<u>\$ (15,160)</u>

See accompanying notes and accountants' compilation report.

GOLD RIVER PRODUCTIONS, INC.
COMPILED STATEMENTS OF STOCKHOLDERS' EQUITY
For The Three and Twelve Months Ended December 31, 2010

	<u>Common Stock</u>		<u>Capital in Excess of Par Value</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance January 01, 2010	52,600,174	\$ 52,600	\$ 312,847	\$ (151,623)	\$ 213,824
Issuance of common stock	6,400,000	6,400	23,000	-	29,400
Components of comprehensive income:					
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,629)</u>	<u>(14,629)</u>
Beginning balance					
September 30, 2010	59,000,174	\$ 59,000	\$ 335,847	\$ (166,252)	\$ 228,595
Issuance of common stock	31,655,433	31,656	88,638	-	120,294
Components of comprehensive income:					
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(531)</u>	<u>(531)</u>
Ending balance					
December 31, 2010	<u>90,655,607</u>	<u>\$ 90,656</u>	<u>\$ 424,485</u>	<u>\$ (166,783)</u>	<u>\$ 348,358</u>

See accompanying notes and accountants' compilation report.

GOLD RIVER PRODUCTIONS, INC.
COMPILED STATEMENTS OF CASH FLOWS
For The Three and Twelve Months Ended December 31, 2010

	<u>Three Months Ended</u> <u>December 31, 2010</u>	<u>Twelve Months Ended</u> <u>December 31, 2010</u>
CASH FLOWS FROM (USED BY)		
OPERATING ACTIVITIES		
Net income (loss)	\$ (531)	\$ (15,160)
Adjustments to reconcile net income to net cash flows from (used by) operating activities:		
Depreciation	433	1,879
Amortization	1,250	5,000
Deferred income taxes	(45,000)	(51,100)
Increase (decrease) in liabilities:		
Accounts payable	-	3,662
Income tax payable	-	100
Net cash flows from (used by) operating activities	(43,848)	(55,619)
CASH FLOWS FROM (USED BY)		
FINANCING ACTIVITIES		
Cash received from long-term liabilities	-	200,000
Cash paid to reduce long-term liabilities	-	(210,000)
Cash received from issuance of common stock	124,954	149,493
Net cash flows from (used by) financing activities	124,954	139,493
NET INCREASE IN CASH AND CASH EQUIVALENTS	81,106	83,874
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,800	32
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 83,906	\$ 83,906

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING

ACTIVITIES: For the three and twelve months ended December 31, 2010, the Company entered into one noncash transaction where 9,793,200 shares of common stock were issued in exchange for services provided to the Company.

See accompanying notes and accountants' compilation report.

GOLD RIVER PRODUCTIONS, INC.
NOTES TO COMPILED FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies conform to U.S. generally accepted accounting principles. The following policies are considered to be significant:

Business Organization

Gold River Productions, Inc. is incorporated in the State of Delaware. The Company was organized to engage in the business of manufacturing composite materials into sandwich panels that are light in weight, stronger, more durable and more impact resistant than conventional materials. The Company is currently headquartered in Salt Lake City, Utah.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with original maturities of less than three months.

Equipment

Equipment is carried at cost net of accumulated depreciation. Depreciation expense is computed principally on the straight-line method in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives.

Normal maintenance and repair items are charged to costs and expenses as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in net income in the period of disposition.

Intangible Assets

Intangible assets subject to amortization include patents and goodwill. Patents are amortized over the shorter of their legal or useful lives while goodwill is periodically reviewed for impairment.

Income Taxes

The Company uses an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax basis of assets and liabilities is determined quarterly. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period, plus or minus the net change in the deferred tax assets and liabilities.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consists of taxes currently due plus deferred taxes for operating losses that are available to offset

GOLD RIVER PRODUCTIONS, INC.
NOTES TO COMPILED FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. In these financial statements assets, liabilities, and earnings involve reliance on management's estimates. Actual results could differ from those estimates.

Advertising and Promotion

All costs associated with advertising and promoting the Company's goods and services are expensed in the year incurred. The Company incurred \$3,240 in advertising expenses for the three and twelve months ended December 31, 2010.

Sales and Use Taxes

The Company is domiciled in the State of Delaware with its headquarters in Utah and is required to collect sales tax on all in-state transactions. During the twelve months ended December 31, 2010, the Company collected and remitted no sales and use tax.

Management Review Date

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 12, 2011, the date the financial statements were issued.

NOTE 2 - EQUIPMENT

Equipment as of December 31, 2010 follows:

Cost:	
Computer equipment	\$ 16,950
Furniture and fixtures	5,800
Shop equipment	7,440
	<hr/>
	30,190
Less accumulated depreciation	<hr/> (24,276)
	<hr/>
Net book value	<u>\$ 5,914</u>

Depreciation expense for the three months and twelve months ended December 31, 2010 totaled \$433 and \$1,879, respectively.

GOLD RIVER PRODUCTIONS, INC.
NOTES TO COMPILED FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 - INTANGIBLE ASSETS

During 2009, the Company acquired from AeroQuest, LLC certain intellectual property including held a patent and patents under development. The patents underdevelopment relate to the design and use of sturdy, light-weight composite materials that can be used in manufacturing new and innovative products. The patent obtained from AeroQuest, LLC will expire in November 2014. The Company allocated \$20,000 (\$17,500 net of accumulated amortization) to the purchase of the patent and \$180,000 to goodwill.

Cost:

Goodwill	\$ 180,000
Patents	<u>20,000</u>
	200,000
Less accumulated amortization	<u>(5,000)</u>
Net book value	<u><u>\$ 195,000</u></u>

Amortization expense for the three months and twelve months ended December 31, 2010 totaled \$1,250 and \$5,000, respectively. As of December 31, 2010, the Company determined that the goodwill is not impaired. See Note 4 for additional details.

NOTE 4 - LONG-TERM LIABILITIES

The Company also acquired from AeroQuest, LLC \$200,000 of notes payable, including accrued interest, due to a former owner of that limited liability company. The note is expected to be repaid before that date after which it will begin accruing interest at 12% annually. This note payable was refinanced during the three months ended September 30, 2010. The new agreement entered into on July 10, 2010 calls for interest to accrue on the outstanding balance at 8% per annum with no payments due until July 10, 2011.

NOTE 5 - COMMON STOCK ACTIVITY

The number of issued and outstanding shares was increased from 59,000,174 to 90,655,607 during the three months ended December 31, 2010. The Company issued 29,655,433 shares of .001 par value common stock in exchange for \$31,655 plus \$88,638 of additional paid in capital. An additional 9,793,200 shares of common stock were issued at par value (\$9,793) in exchange for professional services provided to the Company.

NOTE 6 - PREFERRED STOCK

As of September 30, 2010, the Company has authorized the issue of up to 1,000,000. The preferred stock carries a voting right of 100 votes per share and each share is convertible to 100 shares of common stock. As of December 31, 2010, no shares of preferred stock were issued.

GOLD RIVER PRODUCTIONS, INC.
NOTES TO COMPILED FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 - INCOME TAXES

The components of income tax expense (benefit) attributable to continuing operations are as follows:

Current	\$ 100
Deferred	<u>(45,400)</u>
	<u>\$ (45,300)</u>

The Company's income tax expense differed from the statutory federal rate due primarily to state income taxes and surtax exemptions.

The net deferred income taxes in the accompanying balance sheet include the following amounts of deferred income tax assets and liabilities:

Deferred income tax assets:	
Net operating loss carryforward	\$ 265,400
Total deferred income tax asset	<u>265,400</u>
Deferred income tax liabilities:	
Income recognition	\$ (1,400)
Depreciation differences	<u>(6,700)</u>
Total deferred income tax liability	<u>(8,100)</u>
Net deferred income tax liability	<u>\$ 257,300</u>

The deferred income taxes are disclosed in the financial statements as follows:

Current assets	\$ 265,400
Deferred liabilities	<u>(8,100)</u>
	<u>\$ 257,300</u>

The Company has loss carry forwards totaling \$954,011 that may be offset against future income. If not used, the carryforwards will begin to expire in 2026.