

Quasar Aerospace Industries Inc. & Consolidated Subsidiaries
Statement of Financial Position
Three Month Periods Ended March 31
Unaudited

	2013	2012
Assets		
Cash	\$ 20,106	\$ 31,601
Accounts receivable	125	(699)
Inventory	4,305	4,084
Short Term Loans and notes receivable	10,506	-
Total current assets	<u>35,042</u>	<u>34,986</u>
 Fixed Assets		
Equipment	311,154	327,171
Accumulated depreciation	<u>(277,593)</u>	<u>(223,989)</u>
Fixed assets, net	33,561	103,182
 Other assets		
Goodwill, net of amortization	53,397	88,995
Deposit on aircraft	-	5,000
Investment in subsidiaries	783,131	765,354
Other assets	<u>-</u>	<u>1,069</u>
Total other assets	836,528	860,418
 Total assets	<u>\$ 905,131</u>	<u>\$ 998,586</u>
 Liabilities and capital		
Accounts payable	\$ 56,279	39,078
Payroll liabilities	48,384	38,751
Prepaid revenue	823	9,157
Advance due related parties	106,529	7,175
Convertible notes due related parties	185,062	301,562
Other current liabilities	<u>69,452</u>	<u>54,116</u>
Total current liabilities	466,529	449,839
 Long term liabilities		
Long term notes payable third parties	100,500	142,562
Deferred compensation	186,571	132,280
Notes payable to officers	328,900	63,974
 Total long term liabilities	<u>615,971</u>	<u>338,816</u>
 Total liabilities	<u>1,082,500</u>	<u>788,655</u>
 Equity		
Common stock, Par value \$.00001,		
Authorized 475,000,000 shares, issued		
and outstanding 66,447,002	727	57,327
Preferred stock - par value \$.001	29	9
Series A Authorized 1,000,000 shares,		
2,092 shares issued and outstanding		
Series B Authorized 150,000 shares,	1,295	1,295
129,508 shares issued and outstanding		
Series C Authorized 1,000,000 shares,	-	-
no shares issued		
Treasury stock	(391)	(391)
Paid in capital	4,009,215	3,633,252
Accumulated deficit	(4,074,284)	(3,265,475)
Net income (loss)	<u>(113,960)</u>	<u>(216,086)</u>
Total shareholders equity	(177,369)	209,931
 Total liabilities and capital	<u>\$ 905,131</u>	<u>\$ 998,586</u>

Amounts presented for 2012 include A-Cent Aviation, Inc., which was not previously available for inclusion.

See accompanying notes to financial statements

Quasar Aerospace Industries & Consolidated Subsidiaries
Statement of Operations
Three Month Periods Ended March 31
Unaudited

	2013	2012
Revenue	\$ <u>\$112,551</u>	\$ <u>\$134,798</u>
Total revenue	<u>\$112,551</u>	<u>\$134,798</u>
Expenses		
Advertising	-	\$388
Flight Operations	\$50,278	\$22,421
Automobile expenses		\$0
Bank and credit card services	\$2,987	\$3,060
Communications	\$2,257	\$2,007
Contracted Labor	-	\$10,438
Depreciation and amortization	\$24,494	\$27,742
Discounts and allowances	-	\$0
Dues and subscriptions	-	\$0
Facilities rent & office expense	\$17,636	\$9,076
Insurance Expense	\$6,777	\$7,077
Interest Expense	\$5,088	\$1,757
Leased and rented equipment	\$6,440	\$5,543
Legal and accounting fees		\$0
License and permits	\$127	\$1,549
Office expenses	\$5,667	\$1,664
Other expenses		\$1,185
Payroll and related	\$95,490	\$182,136
Professional fees	\$6,639	\$58,324
Shareholder related expenses	\$1,775	\$5,595
State and local taxes	\$108	\$71
Travel and entertainment	\$50	\$0
Utilities	\$698	\$731
Total expenses	\$ <u>\$226,511</u>	<u>\$340,764</u>
Net (loss) from operations	\$ <u><u>(\$113,960)</u></u>	<u><u>(\$205,966)</u></u>
Net loss per share	(\$0.002)	(\$0.039)
Weighted average primary and fully diluted common shares outstanding	57,544,606	5,303,454

Amounts presented for 2012 include A-Cent Aviation, Inc., which was not previously available for inclusion.

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Quasar Aerospace Industries Inc. & Consolidated Subsidiaries
Statements of Cashflows
Three Month Periods Ended March 31
Unaudited

	2013	2012
OPERATING ACTIVITIES		
Net loss	\$ (113,960)	\$ (205,966)
Depreciation & Amortization	24,494	27,742
Changes in working capital items		
Accounts payable	10,412	(10,196)
Payroll liabilities	(4,286)	11,247
Deferred compensation	48,001	113,430
(Increase) and Reductions in inventory	23	(507)
Adjustment in Accum. Depreciation due to Asset Disposal	(11,865)	
Other current liabilities	4,331	532
Prepaid services	(8,353)	(675)
Cashflow from operating activities	<u>(51,203)</u>	<u>(64,393)</u>
INVESTING ACTIVITIES		
(Additions) and Disposals of equipment	11,864	(4,154)
Investment in subsidiaries	(27)	
Disposal of (increases in) other assets	19,304	4,154
Cashflow from Investing	<u>31,141</u>	<u>0</u>
FINANCING ACTIVITIES		
Convertible Notes due third parties	(23,000)	(6,937)
Short term notes receivable	(10,506)	
Working capital advances returned by related parties	3,150	5,500
(Additions to) Repayment of Convertible Notes due related parties	(84,000)	
Notes payable to officers	251,726	52,500
Adjustments to Common stock for change in par value		(17,011)
Common stock issued	317	
Adjustments to paid in capital and accumulated deficit for prior periods	(112,531)	32,387
Cashflow from financing	<u>25,156</u>	<u>66,439</u>
Net change in cash	5,094	2,046
Beginning cash	15,009	29,555
Ending Cash	<u>\$ 20,103</u>	<u>\$ 31,601</u>

Amounts presented for 2012 include A-Cent Aviation, Inc., which was not previously available for inclusion.

See accompanying notes to financial statements

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

	Common Stock		Preferred A Stock		Preferred B Stock		Treasury Stock	Paid In Capital	Accumulated (Deficit)	Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance 12/31/2011	<u>1,709,793</u>	<u>17,098</u>	<u>930</u>	<u>9</u>	<u>129,508</u>	<u>1,295</u>	<u>(390,885)</u>	<u>3,988,373</u>	<u>(3,245,972)</u>	<u>369,918</u>
Stock split adjustments		(16,688)					390,494			373,806
Shares precluded by Management			(930)							0
Non-operating adjustments								(65,271)		(65,271)
Operating Loss		0							(660,589)	(660,589)
Stock Issued	39,250,559		2,092	20				896		916
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>\$ 3,923,998</u>	<u>\$ (3,906,561)</u>	<u>\$ 18,780</u>
Non-operating adjustments									(167,723)	(167,723)
Correction of shares outstanding	90									0
Stock Issued for note conversions	31,736,560	317						85,217		85,534
Net Operating Loss									(113,960)	(113,960)
Balance 3/31/2013	<u>72,697,002</u>	<u>\$ 727</u>	<u>2,092</u>	<u>\$ 29</u>	<u>129,508</u>	<u>\$ 1,295</u>	<u>\$ (391)</u>	<u>\$ 4,009,215</u>	<u>\$ (4,188,244)</u>	<u>\$ (177,369)</u>

Amounts presented for 2012 include A-Cent Aviation, Inc., which was not previously available for inclusion.

See accompanying notes to financial statements