

GUTMANN USA, INC.

FINANCIAL STATEMENTS

December 31, 2009 and 2008

GUTMANN USA, INC.

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MELLON, JOHNSON & REARDON

CERTIFIED PUBLIC ACCOUNTANTS, LLP

American Institute of Certified Public Accountants - Private Companies Practice Section
California Society of Certified Public Accountants

Robert I. Mellon, CPA
Rex F. Johnson, CPA
Walter F. Reardon, CPA
1931 - 2009

Charles E. Wessman, CPA
Steven H. Spears, CPA
Gregory R. Barragar, CPA
Geoffrey D. Kramer, CPA

George A. Arzoo, CPA
Diane L. Beebe, CPA
Helene W. Blumner, CPA
Jason W. Burke, CPA
Lee M. Gardner, CPA
Vanessa M. Hayden, CPA
Lee D. Kimmel, CPA
Krysta M. Krall, CPA
Jonathan M. Monroe, CPA
Diana N. Peterson, CPA
Michael J. Richmond, CPA
Mark P. Rivera, CPA
Erin N. Robbins, CPA
Kirby P. Ryan, CPA
Tamara S. Sipos, CPA
Sachiko M. Starks, CPA
Eric E. Teuber, CPA

To the Board of Directors
Gutmann USA, Inc.
Corona, California

We have audited the accompanying financial statements of Gutmann USA, Inc. which comprise the balance sheets as of December 31, 2009 and 2008, and the statements of operations and accumulated deficit, changes in equity, and cash flows for the years ended December 31, 2009 and 2008.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of Gutmann USA, Inc. as of December 31, 2009 and 2008, and of its financial performance and its cash flows for the years ended December 31, 2009 and 2008, in accordance with International Financial Reporting Standards.

Ontario, California
January 14, 2010

GUTMANN USA, INC.

BALANCE SHEETS December 31, 2009 and 2008

	Notes	2009 USD	2008 USD
<u>ASSETS</u>			
CURRENT ASSETS			
Cash in bank	1	\$ 60,058	\$ 99,434
Accounts receivable	1	208,520	485,795
Inventory	1	351,907	464,618
Prepaid expense	2	1,111	1,900
Total Current Assets		621,596	1,051,747
PROPERTY AND EQUIPMENT, NET	3	40,855	69,786
OTHER ASSETS			
Deposits		3,900	3,900
Deferred income tax	7	34,514	30,216
Intangible asset, net of accumulated amortization	4	27,000	36,000
Total Other Assets		65,414	70,116
TOTAL ASSETS		\$ 727,865	\$ 1,191,649
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable - trade		\$ 16,324	\$ 236,515
Accounts payable - Parent	9	428,967	615,827
Accrued expenses	5	12,241	12,032
Due to stockholder	6	1,200	1,200
Notes payable - related party	9	205,000	205,000
Current portion long-term debt	8	16,988	22,629
Total Current Liabilities		680,720	1,093,203
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	8	2,775	23,566
Total Long-Term Liabilities		2,775	23,566
STOCKHOLDERS' EQUITY			
Common stock, \$1 par value, 1,000 shares authorized			
100 shares issued and outstanding		100	100
Additional paid-in capital		174,900	174,900
Accumulated deficit		(130,630)	(100,120)
Total Stockholders' Equity		44,370	74,880
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 727,865	\$ 1,191,649

The accompanying notes are an integral part of this statement.

GUTMANN USA, INC.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT For the Years Ended December 31, 2009 and 2008

	2009		2008	
	USD	%	USD	%
SALES	\$ 779,011	100.00	\$ 1,253,798	100.00
COST OF SALES	475,946	61.10	870,524	69.43
GROSS PROFIT	303,065	38.90	383,274	30.57
OPERATING EXPENSES				
Professional services	18,450	2.37	18,763	1.50
Rent	69,673	8.94	60,419	4.82
Salaries and wages	190,837	24.50	206,369	16.46
Travel	10,696	1.37	16,826	1.34
Loss on disposition of fixed assets	3,463	0.45	-	-
Other expenses	43,954	5.64	64,585	5.15
Total Operating Expenses	337,073	43.27	366,962	29.27
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	(34,008)	(4.37)	16,312	1.30
INCOME TAX (BENEFIT) EXPENSE	(3,498)	(0.45)	4,900	0.39
NET INCOME (LOSS)	(30,510)	(3.92)	11,412	0.91
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(100,120)		(111,532)	
ACCUMULATED DEFICIT, END OF YEAR	\$ (130,630)		\$ (100,120)	

The accompanying notes are an integral part of this statement.

GUTMANN USA, INC.

STATEMENTS OF CHANGES IN EQUITY For the Years Ended December 31, 2009 and 2008

<u>2009</u>	Common Stock USD	Additional Paid-in Capital USD	Accumulated Deficit USD	Totals USD
BALANCE, JANUARY 1, 2009	\$ 100	\$ 174,900	\$ (100,120)	\$ 74,880
NET LOSS	-	-	(30,510)	(30,510)
BALANCE, DECEMBER 31, 2009	<u>\$ 100</u>	<u>\$ 174,900</u>	<u>\$ (130,630)</u>	<u>\$ 44,370</u>
<u>2008</u>	Common Stock USD	Additional Paid-in Capital USD	Accumulated Deficit USD	Totals USD
BALANCE, JANUARY 1, 2008	\$ 100	\$ 129,900	\$ (111,532)	\$ 18,468
ADDITIONAL PAID-IN CAPITAL	-	45,000	-	45,000
NET INCOME	-	-	11,412	11,412
BALANCE, DECEMBER 31, 2008	<u>\$ 100</u>	<u>\$ 174,900</u>	<u>\$ (100,120)</u>	<u>\$ 74,880</u>

The accompanying notes are an integral part of this statement.

GUTMANN USA, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2009 and 2008

	2009 USD	2008 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (30,510)	\$ 11,412
Adjustments to reconcile net income (loss) to net cash used by operating activities		
Depreciation and amortization	26,218	21,847
Deferred tax expense (benefit)	(4,298)	4,060
Loss on disposition of fixed assets	3,463	-
(Increase) decrease in current assets		
Accounts receivable	277,275	(405,480)
Inventories	112,711	(206,720)
Prepaid expenses	789	(1,900)
Intangible assets	-	(45,000)
Increase (decrease) in current liabilities		
Accounts payable	(220,191)	223,387
Accounts payable - Parent	(186,860)	241,087
Accrued expenses	209	3,191
Income tax payable - State	-	(800)
Net Cash Used by Operating Activities	(21,194)	(154,916)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(7,920)
Proceeds from sale of fixed assets	8,250	-
Net Cash Provided (Used) by Investing Activities	8,250	(7,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(26,432)	(18,821)
Borrowings from Parent Company	-	205,000
Additional paid-in capital by stockholders	-	45,000
Net Cash Provided (Used) by Financing Activities	(26,432)	231,179
NET INCREASE (DECREASE) IN CASH	(39,376)	68,343
CASH, BEGINNING OF YEAR	99,434	31,091
CASH, END OF YEAR	\$ 60,058	\$ 99,434
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 777	\$ 4,218
Income taxes paid	800	800
NONCASH INVESTING AND FINANCING ACTIVITIES		
Financed Fixed Asset Acquisitions	\$ -	\$ 47,154

The accompanying notes are an integral part of this statement.

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention. The principal accounting policies are set out below.

Nature of Business

Gutmann USA, Inc. (Company) is incorporated under the laws of the United States of America and is engaged in the wholesale distribution of high quality materials and windows used on the outside of commercial, residential and institutional projects. The Company is also a wholesale distributor of aluminum-acrylic carports.

The Company is a subsidiary of Hermann Gutmann Werke AG (Parent) located in Germany. The address of its registered office and principal place of business is 431 Leroy Drive in Corona, California.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

Estimates

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Concentration of Credit Risk

The Company maintains its cash balance at a bank located in Southern California. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2009 and 2008, the Company did not have an uninsured balance. The Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Cash and Cash Equivalents

For financial statement purposes, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalent.

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible, they will be charged to operations when that determination is made.

Inventory

Inventory is stated at the lower of cost (weighted average cost method) or market. The majority of the inventory was purchased from the Parent company.

Property and Equipment

Property and equipment are stated at cost and depreciation is calculated using the straight-line method for financial statement purposes and declining balance and straight-line methods for income tax purposes. The estimated useful lives of the assets are as follows:

Machinery and equipment	7	years
Transportation equipment	5	years
Computer and office equipment	5 - 7	years
Tenant improvements	39.5	years

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred tax related primarily to differences between the basis of property and equipment and net operating losses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the asset and liabilities are recovered or settled. Deferred tax also is recognized for operating losses that are available to offset future taxable income and tax credits that are available to offset future income taxes.

NOTE 2 - PREPAID EXPENSES

Prepaid expenses consist of the following:

	2009	2008
	USD	USD
Prepaid insurance	\$ 658	\$ 1,447
Prepaid rent	453	453
	<u>\$ 1,111</u>	<u>\$ 1,900</u>

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

<u>2009</u>	Tenant Improvements	Office Equipment	Machinery & Equipment	Vehicles	Total
<u>Cost</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance, Beginning of Year	\$ 2,904	\$ 3,659	\$ 58,076	\$ 19,521	\$ 84,160
Additions	-	-	-	-	-
Deletions	-	-	-	(19,521)	(19,521)
Balance, End of Year	<u>\$ 2,904</u>	<u>\$ 3,659</u>	<u>\$ 58,076</u>	<u>\$ -</u>	<u>\$ 64,639</u>

Accumulated Depreciation

Balance, Beginning of Year	\$ 49	\$ 793	\$ 8,652	\$ 4,880	\$ 14,374
Additions	75	594	13,621	2,928	17,218
Deletions	-	-	-	(7,808)	(7,808)
Balance, End of Year	<u>\$ 124</u>	<u>\$ 1,387</u>	<u>\$ 22,273</u>	<u>\$ -</u>	<u>\$ 23,784</u>
<u>Net Book Value</u>	<u>\$ 2,780</u>	<u>\$ 2,272</u>	<u>\$ 35,803</u>	<u>\$ -</u>	<u>\$ 40,855</u>

2008

Cost

Balance, Beginning of Year	\$ -	\$ 3,659	\$ 5,906	\$ 19,521	\$ 29,086
Additions	<u>2,904</u>	<u>-</u>	<u>52,170</u>	<u>-</u>	<u>55,074</u>
Balance, End of Year	<u>\$ 2,904</u>	<u>\$ 3,659</u>	<u>\$ 58,076</u>	<u>\$ 19,521</u>	<u>\$ 84,160</u>

Accumulated Depreciation

Balance, Beginning of Year	\$ -	\$ 199	\$ 352	\$ 976	\$ 1,527
Additions	<u>49</u>	<u>594</u>	<u>8,300</u>	<u>3,904</u>	<u>12,847</u>
Balance, End of Year	<u>\$ 49</u>	<u>\$ 793</u>	<u>\$ 8,652</u>	<u>\$ 4,880</u>	<u>\$ 14,374</u>
<u>Net Book Value</u>	<u>\$ 2,855</u>	<u>\$ 2,866</u>	<u>\$ 49,424</u>	<u>\$ 14,641</u>	<u>\$ 69,786</u>

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended December 31, 2009 and 2008, was \$17,218 and \$12,847, respectively.

NOTE 4 - INTANGIBLE ASSET

Intangible asset represents a patent purchased for the manufacture of parts to compliment products purchased from the Parent. The patent is recorded at cost of \$45,000 less accumulated amortization of \$18,000, a net value of \$27,000. Amortization is calculated over a five year life using the straight-line method of amortization.

Amortization expense for the years ended December 31, 2009 and 2008, was \$9,000.

NOTE 5 - ACCRUED EXPENSES

Accrued expenses consist of the following:

	2009 USD	2008 USD
Accrued wages	\$ 10,164	\$ 9,445
Sales tax payable	2,077	2,587
	<u>\$ 12,241</u>	<u>\$ 12,032</u>

NOTE 6 - DUE TO STOCKHOLDER

The minority stockholder of the Company purchased certain office furnishings capitalized by the Company using personal funds. The amount of the furnishing as of December 31, 2009 and 2008, was \$1,200.

NOTE 7 - INCOME TAXES

The provision for income taxes consists of the following:

	2009 USD	2008 USD
Current Income Taxes		
California	\$ 800	\$ 800
	<u>800</u>	<u>800</u>
Deferred Income Tax		
Federal	(1,461)	32,413
California	(2,837)	(28,313)
	<u>(4,298)</u>	<u>4,100</u>
Total Provision for Income Taxes	<u>\$ (3,498)</u>	<u>\$ 4,900</u>

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 7 - INCOME TAXES (CONTINUED)

Deferred income tax consists of the following:

	2009 USD	2008 USD
Deferred Tax Assets		
Federal short-term	\$ 120	\$ 3,120
State short-term	-	1,768
	120	4,888
Deferred Tax Assets		
Federal long-term	20,397	15,936
State long-term	13,997	9,392
	34,394	25,328
Total Deferred Income Tax Asset	\$ 34,514	\$ 30,216

The deferred income tax benefit is a result of the following timing differences.

	2009 USD	2008 USD
Short-term:		
State tax deduction	\$ 800	\$ 800
Net operating loss	-	20,000
Long-term:		
Depreciation	(18,110)	(7,157)
Net operating loss	147,092	113,397
Total	\$ 129,782	\$ 127,040

The unrecognized tax losses will begin to expire in 2027.

A reconciliation of actual taxable loss theoretical for the Company is as follows:

	2009 USD	2008 USD
Net book income (loss)	\$ (30,510)	\$ 11,412
Income tax (benefit) expense	3,498	4,900
Tax depreciation in excess of book	7,186	(3,342)
Book loss in excess of tax	4,217	-
Other non-tax deductible items	399	904
Net operating loss carryforwards	(131,882)	(147,271)
	\$ (147,092)	\$ (133,397)

The effective tax rates are 0% for the years ended December 31, 2009 and 2008.

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 8 - LONG-TERM DEBT

	2009 USD	2008 USD
Capitalized lease payable to New World Equipment Funding, LLC for a Panel Saw. Monthly payments of \$1,077 at 8.09% with final payment due January, 2011.	\$ 13,283	\$ 24,703
Capitalized lease payable to Hyster Capital for a Forklift. Monthly payments of \$453 including interest at 7.5% with final payment due April, 2011.	6,480	11,214
Capitalized lease payable to DaimlerChrysler for Dodge Nitro. Monthly payments of \$679 including interest at 7.99% with final payment due May, 2010.	-	10,278
	19,763	46,195
Current maturities	(16,988)	(22,629)
Total Long-Term Debt	\$ 2,775	\$ 23,566

Maturities of aggregate long-term debt are as follows:

<u>Years Ending December 31,</u>		
2010	\$	16,988
2011		2,775
	\$	19,763

NOTE 9 - RELATED PARTY TRANSACTIONS

The Company purchased the majority of its inventory from its Parent. Invoices received from the Parent are valued using the Euro currency at the date of the invoice. The Company converts the invoice to US dollars at the date the goods are received in the warehouse. The balance due to the Parent as of December 31, 2009 and 2008, was \$428,967 and \$615,827, respectively.

In 2008, the Company borrowed money from the Parent in the amount of \$205,000. The maturity date of the loan is December 31, 2010. The loan is used by the Company to cover cash flow requirements based on a business plan.

The patent discussed in Note 4 of these financial statements was purchased from a related party owned 100% by the minority shareholder of the Company. The purchase was based on the costs incurred by the related party to develop the patent.

The Company sold materials to a related party owned 30% by the minority shareholder of the Company. The amount of materials sold for the years ended December 31, 2009 and 2008 was, \$631,269 and \$134,732, respectively. Amounts receivable from the related party for the years ended December 31, 2009 and 2008 was, \$207,276 and \$36,908, respectively.

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation to key management personnel for the years ended December 31, 2009 and 2008, was \$57,000 and \$69,083, respectively.

NOTE 10 - CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure the Company will be able to continue as a going concern while establishing marketability in the United States of America. The capital structure of the Company consists of borrowings from the Parent in the amount of \$434,002 collateralized by the inventory purchased from the Parent.

NOTE 11 - MAJOR CUSTOMERS

Approximately 91% of the Company's revenue in the current period resulted from sales to three customers.

NOTE 12 - LEASE COMMITMENTS

The Company is obligated under a lease agreement dated December 31, 2007, with 431 Leroy Drive, LLC for its premises. The current monthly rent is \$5,035. Rental expense for the years ended December 31, 2009 and 2008, was \$69,673 and \$60,419, respectively. Payments are made payable to 431 Leroy Drive LLC, of which the minority shareholder is a one-third owner. Included in accounts payable is \$5,035 of rents payable to 431 Leroy Drive, LLC.

Future minimum rental commitments are as follows:

<u>Years Ending December 31,</u>	<u>USD</u>
2010	\$ <u>20,140</u>

The Company leased a copier with terms expiring September 2010. Total lease expense for the years ended December 31, 2009 and 2008, was \$2,979 and \$2,998, respectively. Furthermore, future minimum rental payment on the operating lease having noncancelable lease terms in excess of one year are as follows:

<u>Years Ending December 31,</u>	<u>USD</u>
2010	\$ <u>2,468</u>

NOTE 13 - RECLASSIFICATION

Reclassifications to the financial statements were as a result of offsetting December 31, 2008 deferred income tax assets against deferred income tax liabilities. As of December 31, 2008, the balance in the deferred tax liability account was \$909, which was offset against the deferred tax asset account balance of \$35,185, for a net balance of \$34,276.

GUTMANN USA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 14 - SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2009 through January 14, 2010, the date of issuance of the financial statements. During the period from January 1, 2010 to January 20, 2010, the Company did not have any material subsequent events.

NOTE 15 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on January 21, 2010.