

## **Consolidated Javalution Coffee Company/CLR Roasters**

	2nd Qtr 2011	2nd Qtr 2010
<b>Total Income</b>	1,206,196.30	805,855.74
<b>Total Cost of Goods Sold</b>	827,763.07	625,640.53
<b>Total Gross Profits</b>	378,433.23	180,215.21
<b>Total Expenses</b>	443,696.20	578,341.42
<b>Total Net Ordinary Income</b>	(65,262.97)	(398,126.21)

**Javalution and CLR**  
**Consolidated Balance Sheet**  
As of June 30, 2011

**ASSETS**

**Current Assets**

**Checking/Savings**

Bank of America - Petty Cash	370.11
Checking Bank of America	750,057.55
Petty Cash	362.21

<b>Total Checking/Savings</b>	<b>750,789.87</b>
-------------------------------	-------------------

**Accounts Receivable**

Accounts Receivable	469,714.87
---------------------	------------

<b>Total Accounts Receivable</b>	<b>469,714.87</b>
----------------------------------	-------------------

**Other Current Assets**

**Due from CLR Roasters LLC**

Interest Receivable	16,287.65
Lease Receivable	94,491.54
Due from CLR Roasters LLC - Other	772,029.38

<b>Total Due from CLR Roasters LLC</b>	<b>882,808.57</b>
--	-------------------

<b>Inventory</b>	<b>378,282.21</b>
------------------	-------------------

**Investment in CLR**

Equity in Investee	-278,811.93
Investment in CLR - Other	1,103,345.62

<b>Total Investment in CLR</b>	<b>824,533.69</b>
--------------------------------	-------------------

**Prepaid Commission**

Transcard	1,352.34
-----------	----------

<b>Total Prepaid Commission</b>	<b>1,352.34</b>
---------------------------------	-----------------

<b>Undeposited Funds</b>	<b>1,243.82</b>
--------------------------	-----------------

<b>Total Other Current Assets</b>	<b>2,088,220.63</b>
-----------------------------------	---------------------

<b>Total Current Assets</b>	<b>3,308,725.37</b>
-----------------------------	---------------------

**Fixed Assets**

Booth Displays	7,062.11
Computer Equipment	83,820.45
Distribution Equipment	1,800.00
Furniture and Fixtures	53,889.04
Less Accumulated Depreciation	-602,608.57
Machine and Equipment	949,384.75
Tradeshow Equipment	6,167.73
Marketing Tool	4,283.00
Website New Software	17,744.50

<b>Total Fixed Assets</b>	<b>521,543.01</b>
---------------------------	-------------------

**Other Assets**

Pre-Paid Expenses-Alliance/CLR	3,428.64
Intangible Assets	72,298.00
Accumulated Amortization	-50,360.00
Security Deposit	882.00
Utility Service Upgrade	8,159.16

<b>Total Other Assets</b>	<b>34,407.80</b>
---------------------------	------------------

<b>TOTAL ASSETS</b>	<b>3,864,676.18</b>
---------------------	---------------------

**Javalution and CLR**  
**Consolidated Balance Sheet**  
As of June 30, 2011

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

Accounts Payable	668,683.94
<b>Total Accounts Payable</b>	<b>668,683.94</b>

**Other Current Liabilities**

Accrued Interest - JAVA	16,287.65
Due to Javalution Coffee-lease	94,491.54
Due to Javalution Coffee - Other	772,029.38
Sales Tax Payable	285.81
<b>Total Other Current Liabilities</b>	<b>883,094.38</b>

<b>Total Current Liabilities</b>	<b>1,551,778.32</b>
----------------------------------	---------------------

**Long Term Liabilities**

Banc of America Leasing & Capit	44,850.73
Crestmark Bank	278,236.17
Capital Lease -Bank of West	76,833.44
Notes payable- CLR Acq	179,107.06

<b>Total Long Term Liabilities</b>	<b>579,027.40</b>
------------------------------------	-------------------

<b>Total Liabilities</b>	<b>2,130,805.72</b>
--------------------------	---------------------

**Equity**

**Capital Stock-No Par**

Capital Contribution - TCBTR	601,918.62
Javalution Capital Contribution	1,084,245.62
Additional Paid in Capital - Other	-1,163,806.42
Common Stock - 2010	1,220,000.00
Common Stock - 2011	250,000.00
Preferred Stock-No Par	1,552,580.00
Warrant Conversion	2,565,548.98
Capital Stock-No Par - Other	10,066,579.00

<b>Total Capital Stock-No Par</b>	<b>16,177,065.80</b>
-----------------------------------	----------------------

Dividend Paid	-287,480.00
Paid-in Capital	3,486,742.29
Retained Earnings	-17,428,242.72
Net Income	-214,214.91

<b>Total Equity</b>	<b>1,733,870.46</b>
---------------------	---------------------

<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,864,676.18</b>
---------------------------------------	---------------------

**Javalution and CLR**  
**Consolidated Profit & Loss**  
April through June 30, 2011

	<u>April - Jun 11</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4010 · Sales	1,153,700.89
4020 · Other Sales	50,625.74
4025 · Other Income	696.00
4040 · sales discount- others	-9,157.87
<b>Total Income</b>	<u>1,195,864.76</u>
<b>Cost of Goods Sold</b>	
5000 · Cost of Goods Sold	687,440.21
5015 · Direct labor	60,412.54
Packaging Costs	20.00
Materials - Cost of Goods Sold	
5020 · COS- Depreciation	45,966.87
6000 · Freight	274.51
6001 · Freight In	2,300.00
<b>Total 6001 · Freight In (Freight In)</b>	<u>2,574.51</u>
6286 · Sub Contractors	
6288 · Labeling	1,193.00
6286 · Sub Contractors - Other	14,000.00
<b>Total 6286 · Sub Contractors</b>	<u>15,193.00</u>
6921 · Warehouse Surcharge	4,729.32
<b>Total 5000 · Cost of Goods Sold</b>	<u>816,336.45</u>
<b>Total COGS</b>	<u>816,336.45</u>
<b>Gross Profit</b>	379,528.31
<b>Expense</b>	
Amortization Expense	4,602.00
Lease Expense	9,231.54
6002 · Freight Out (Freight Out)	45,399.96
6180 · Insurance	
6181 · Health Insurance	20,961.76
6182 · Car Insurance	3,021.73
Lease Equipment	165.88
6184 · Workers Compensation	2,197.33
6185 · Liability Insurance	1,781.73
<b>Total 6180 · Insurance</b>	<u>28,128.43</u>

	<b>April - Jun 11</b>
<b>6270 - Professional Fees</b>	1,400.00
<b>6280 - Legal Fees</b>	15,500.00
<b>6281 - Consulting Fees</b>	1,200.00
<b>6287 - Accounting</b>	150.00
<b>Total 6270 - Professional Fees</b>	<b>18,250.00</b>
 <b>6290 - Rent</b>	
<b>6295 - Rent Taxes</b>	15,705.33
<b>6290 - Rent- Other</b>	32,261.89
<b>Total 6290 - Rent</b>	<b>47,967.22</b>
 <b>6300 - Repairs</b>	
<b>6320 - Computer Repairs</b>	1,549.26
<b>6330 - Equipment Repairs</b>	3,225.75
<b>6340 - Copier Repairs</b>	75.00
<b>6300 - Repairs - Other</b>	538.00
<b>Total 6300 - Repairs</b>	<b>5,388.01</b>
 <b>6337 - Coffee Equipment Repairs</b>	
<b>6339 - Installations</b>	4,500.00
<b>6337 - Coffee Equipment Repairs - Other</b>	9,368.52
<b>Total 6337 - Coffee Equipment Repairs</b>	<b>13,868.52</b>
 <b>6400 - Utilities</b>	
<b>6405 - Gas and Electric</b>	11,218.31
<b>6420 - Garbage</b>	2,275.40
<b>Total 6400 - Utilities</b>	<b>13,493.71</b>
 <b>6560 - Payroll Expenses</b>	
<b>6561 - Officer's Salaries</b>	115,500.00
<b>6562 - Gross Wages</b>	55,754.66
<b>6567 - Payroll Services</b>	4,675.27
<b>Total 6560 - Payroll Expenses</b>	<b>175,929.93</b>
 <b>6570 - Payroll Taxes</b>	
<b>6571 - Payroll Taxes</b>	17,112.86
<b>Total 6570 - Payroll Taxes</b>	<b>17,112.86</b>
 <b>6640 - Taxes</b>	
<b>6641 - Tax</b>	1,025.78
<b>6642 - Local</b>	1,715.39
<b>Total 6640 - Taxes</b>	<b>2,741.17</b>
 <b>6770 - Supplies</b>	

	<b>April - Jun 11</b>
6780 • Marketing	134.82
6790 • Office	3,404.06
<b>Total 6770 • Supplies</b>	<b>3,538.88</b>
 6810 • Telephone Expense	
6815 • Telephone	7,387.47
Mobile	3,014.94
6818 • Wireless Card	704.79
<b>Total 6810 • Telephone Expense</b>	<b>11,107.20</b>
 6909 • Parking	160.79
6910 • Automobile Expense	5,308.57
6911 • Fuel Charges	1,628.75
6913 • Office Expenses	1,875.44
Contract Labor	720.00
6918 • Transportation	625.68
6920 • Bank Service Charges	5,730.09
Credit Card Service Charges	7,982.47
Stock Transfer Agent	4,248.44
Website Development	5,000.00
MLM Back Office System	9,724.00
6922 • Warehouse Supplies	4,319.47
6937 • Sunpass	159.60
6940 • Cleaning & Sanitation	1,040.00
6943 • Trade Show	8.56
6960 • Dues and Subscriptions	1,520.46
Selling Expenses	-18,063.35
6972 • Licenses and Permits	780.00
6973 • Pest Control Services	343.47
6975 • Maintenance	3,846.66
6977 • Filing Fees	138.75
6978 • Postage and Delivery	1,039.14
6988 • Miles Traveled	854.50
6989 • Car Allowance	1,316.28
6990 • Business Gifts	3,160.15
<b>Total Expense</b>	<b>440,227.35</b>
 <b>Net Ordinary Income</b>	<b>-60,699.04</b>
 <b>Other Income/Expense</b>	
Other Income	
Interest Income	
Lease Income-related party	9,231.54
Other Income	1,100.00
<b>Total Other Income</b>	<b>10,331.54</b>

**April - Jun 11**

**Other Income/Expense**

**Other Expense**

**6200 - Interest Expense**

**Interest Expense**

-650.51

**6985 - Factoring Expense Fee**

15,545.98

**Total 6200 - Interest Expense**

14,895.47

**Total Other Expense**

14,895.47

**Net Other Income**

-4,563.93

**Net Income**

-65,262.97

**Javalution and CLR Roasters**  
**Consolidated Statement of Cash Flows**  
April through June 2011

	<b>Apr - Jun 11</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	-65,262.97
Adjustments to reconcile Net Income	
to net cash provided by operations:	
1200 - Accounts Receivable	-58,015.98
1120 - Inventory Asset	-90,587.97
2000 - Accounts Payable	-134,357.50
Accrued Expense	-3,750.00
Accrued Expenses:Accrued Incentive Bonus Pool	-174,688.67
Accrued Interest Payable	-32,542.14
Accrued Interest Related Party	-5,066.33
Accrued Salaries	-110,380.92
Accrued Sales Tax Payable	-6,677.75
Dividend Payable	-252,955.71
Loan Payable	-749,000.00
MLM Commissions:Commissions and Founder's Pool	-196,678.89
Sales Tax Payable	2,276.82
Due to Related Party	6,908.09
Net cash provided by Operating Activities	-1,870,779.92
<b>INVESTING ACTIVITIES</b>	
15000 - Furniture and Equipment	-1,119.20
15002 - Manufacturing Equipment	-37,207.77
15002 - Manufacturing Equipment:6010 - Equipment Upgrades	-2,707.10
17000 - Accumulated Depreciation	45,966.87
6175 - Equipment Purchase	-12,137.19
16000 - Intangible Assets:Accumulated Amortization	4,602.00
16005 - Security Deposit	18,595.00
Net cash provided by Investing Activities	15,992.61
<b>FINANCING ACTIVITIES</b>	
Capital Lease -Bank of West	-5,590.28
Notes payable- CLR Acq	-24,524.70
Capital Stock-No Par	100,000.00
Capital Stock-No Par:Common Stock - 2011	250,000.00
Capital Stock-No Par:Warrant Conversion	1,971,705.38
Dividend Paid	252,955.71
Long Term Liability:Banc of America Leasing & Capit	-5,601.87
Long Term Liability:Crestmark Bank	38,118.79
Additional Paid in Capital:Javalution Capital Contribution	-19,000.00
Net cash provided by Financing Activities	2,558,063.03



**Apr - Jun 11**

**Net cash increase for period**

703,275.72

**Cash at beginning of period**

48,757.97

**Cash at end of period**

**752,033.69**

JAVALUTION COFFEE COMPANY, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY  
For the Year Ended June 30, 2011  
(Unaudited)

	Preferred Stock, No Par Value		Common Stock, No Par Value		Additional Paid-in Capital	Noncontrolling Interest	Accumulated Deficit	Total Shareholders' Deficiency
	Number of Shares	Amount	Number of Shares	Amount				
Balance, March 31, 2011	1,653,700	\$ 1,552,580	152,800,641	\$ 13,850,867	\$ 1,655,107	\$ -	\$ (16,497,324)	\$ 561,230
Preferred stock issued for cash, net	-	-	-	-	-	-	-	-
Common Stock Issued	-	-	-	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-
Stock warrants issued in connection with a note payable	-	-	-	-	-	-	-	-
Stock warrants issued in connection with preferred stock	-	-	-	-	-	-	-	-
Deemed preferred stock dividend	-	-	-	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-
Fair value of warrants issued in connection with the convertible debentures	-	-	-	-	-	-	-	-
Fair value of stock warrants repriced in connection with notes payable	-	-	-	-	-	-	-	-
Issuance of common stock pursuant to conversion of convertible debentures, preferred and accrued interest	(1,277,565)	(1,277,565)	5,100,248	-	-	-	-	(1,277,565)
Member contribution	-	-	-	-	-	-	-	-
Issuance of common stock pursuant to exercise of stock warrants and Common stock issued for services	-	-	44,176,937	1,971,705	-	-	-	1,971,705
Net loss for the period	-	-	-	-	-	-	(63,870)	(63,870)
Balance, June 30, 2011 (Unaudited)	376,135	\$ 275,015	202,077,826	\$ 15,822,572	\$ 1,655,107	\$ -	\$ (16,561,194)	\$ 1,191,500