

# AL International, Inc.

As of March 31, 2012

Consolidated Statement of Assets, Liabilities and Equity (unaudited)

## Assets

Cash and Cash Equivalents	\$	939,814
Accounts Receivable		821,482
Credit Card Income Receivable		667,302
Inventory		5,239,334
Prepaid Expenses and Other Current Assets		1,023,959
Property and Equipment, Net		1,030,842
Intangible Assets, Net		9,772,861
<b>Total Assets</b>	<b>\$</b>	<b>19,495,594</b>

## Liabilities and Shareholders' Equity

Liabilities:

Accounts Payable	\$	2,730,494
Accrued Commissions		2,105,515
Other Current Liabilities		503,360
Contingent Payables from Acquisitions		5,701,209
Notes Payable		1,547,991
	<b>\$</b>	<b>12,588,569</b>

Shareholders' Equity:

Preferred Stock, \$0.001 par value: 1,000,000 share authorized 211,135 shares issued and outstanding		211
Common Stock, \$0.001 par value: 600,000,000 share authorized; 385,573,848 shares issued and outstanding		385,574
Additional Paid in Capital		4,122,200
Accumulated other comprehensive loss, foreign currency exchange		(34,755)
Retained Earnings		2,433,795
	<b>\$</b>	<b>6,907,025</b>

**Total Liabilities and Shareholders' Equity** **\$** **19,495,594**

**AL International, Inc.**  
Calendar Quarter Ending March 31, 2012

Consolidated Statement of Revenue and Expenses (unaudited)

Net Sales	\$ 16,478,067
Cost of Sales	4,757,500
	<b>Gross Profit</b> <u>\$ 11,720,567</u>
Operating Expenses:	
Selling Expenses	6,619,187
Payroll and Related Benefits	1,227,121
Delivery, Freight, and Postage	1,312,333
Royalties & Licensing	444,431
Credit Card Processing Fees	324,548
Outside Services	307,047
Office Expenses	170,782
Advertising and Promotion	451,706
Other Operating Expenses	169,667
Rent, Building Maintenance, and Utilities	245,304
Depreciation and Amortization	397,822
Insurance	40,705
Travel	91,168
	<u>\$ 11,801,821</u>
	<b>Net Income/(Loss) from Operations</b> <u>\$ (81,255)</u>
Other Income (Expenses):	
Interest Income	119
Other Income	4,586
Interest & Finance Expense	(54,268)
	<u>\$ (49,563)</u>
	<b>Net Income/(Loss)</b> <u>\$ (130,818)</u>
	<b>EBITDA</b> <u>\$ 321,272</u>

**AL International, Inc.**

As of March 31, 2012

Consolidated Statement of Changes in Stockholders Equity (unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance at December 31, 2011	271,135	271	385,237,309	385,238	4,122,477	-	2,564,613	7,072,598
Net loss							(130,818)	(130,818)
Other comprehensive loss, foreign currency translation adjustment						(34,755)		(34,755)
Issuance of common stock pursuant to the exercise of stock warrants			180,769	181	(181)			-
Issuance of common stock pursuant to the conversion of convertible debentures, preferred and accrued interest (post-split)	(60,000)	(60)	155,770	156	(96)			-
Balance at March 31, 2012	<u>211,135</u>	<u>\$ 211</u>	<u>385,573,848</u>	<u>\$ 385,574</u>	<u>\$ 4,122,200</u>	<u>\$ (34,755)</u>	<u>\$ 2,433,795</u>	<u>\$ 6,907,025</u>

# AL International, Inc.

As of March 31, 2012

## Consolidated Statement of Cash Flows (unaudited)

Net earnings	\$	(130,818)
Adjustments to reconcile net earnings to net cash used by operations:		
Depreciation and amortization		397,822
Effect of foreign currency translation (unrealized)		(34,756)
Changes in operating assets and liabilities		
Accounts Receivable		189,193
Credit Card Income Receivable		41,544
Inventory		130,825
Prepaid Expenses and Other Current Assets		121,354
Accounts Payable		634,135
Accrued Commissions		577,860
Other Current Liabilities		(1,374,708)
Total adjustments		<u>683,270</u>
Net cash provided by operating activities		<u>552,452</u>
Cash flows used in investing activities		
Fixed Asset Additions		<u>(31,155)</u>
Net cash used in investing activities		<u>(31,155)</u>
Cash flows from financing activities		
Payments of contingent payables from acquisitions		(314,771)
Payments of notes payable		<u>(282,608)</u>
Net cash provided by financing activities		<u>(597,379)</u>
Net decrease in cash and cash equivalents		<u>(76,082)</u>
Cash and cash equivalents, beginning of period		<u>1,015,896</u>
Cash and cash equivalents, end of period		<u><u>939,814</u></u>