

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-K**

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **August 31, 2013**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **333-178082**

**GENERAL SALES AND LEASING, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of incorporation or organization)

**45-2952962**  
(I.R.S. Employer Identification No.)

**16445 North 91st St., Suite 103**  
**Scottsdale, Arizona**  
(Address of principal executive offices)  
Registrant's telephone number: **(951) 674-1554**

**85260**  
(Zip Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class

**none**

Name of each exchange on which registered

**not applicable**

Securities registered under Section 12(g) of the Exchange Act:

Title of class

**none**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes**  **No**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes**  **No**

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes**  **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes**  **No**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[X]**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

**Large accelerated filer**  **Accelerated filer**  **Non-accelerated filer**  **Smaller reporting company**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes**  **No**

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$525,000 as of February 28, 2013.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 135,000,000 shares as of November 27, 2013.

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**PART I**

**Item 1. Business**

We were incorporated as General Aircraft, Inc. on August 9, 2011 in the State of Nevada for the purpose of owning and operating helicopters for use in sightseeing tours and as pilot training aircraft. We currently own one helicopter, a Robinson R44 Raven II, which is used as a rental aircraft in the Las Vegas, Nevada area. The helicopter is hangered at North Las Vegas Airport, an executive and general aviation airport in North Las Vegas, Nevada.

We originally leased our helicopter under an Aircraft Use/Management Agreement (“Use and Management Agreement”) dated September 1, 2011 with Elite Aviation VGT, LLC (“Elite”). Under the Use and Management Agreement we were required to pay a number of costs related to maintaining and operating the helicopter which were set-off against our rental income. In an attempt to avoid these costs and increase our bottom line profits, we renegotiated this arrangement with Elite, and on November 1, 2012, at the beginning of this fiscal year, we entered into a new Helicopter Lease Agreement (“Lease Agreement”) which superseded the Use and Management Agreement. The new Lease Agreement (reported as a subsequent event in our 10K for the fiscal year end 2012) contained a simpler arrangement in which we accepted a lesser rental rate of \$185 per hour, but without the obligation to cover regular maintenance and repairs, hangar parking fees, insurance or any fuel and oil costs in relation to the helicopter. We thus remained responsible for only the debt service, taxes, license and registration related to the helicopter.

The Lease Agreement provided for a minimum use of 40 hours per month and was set to expire on the sooner of December 31, 2014 or the date upon which the helicopter reached a Hobbs register reading of 2,200 hours, the amount of hours of usage in which the FAA requires a full mandatory overhaul of the helicopter by law (the “Time Out Date”).

Ultimately, this arrangement with Elite proved to be a much more profitable arrangement for us, but in April of 2013, our helicopter reached the 2,200 hour Time Out Date and thus the lease was terminated and we were required to take the helicopter temporarily out of service for its mandatory safety overhaul. At the time, we anticipated this overhaul the time would take at least 5 months and cost between \$200,000 and \$220,000 (as projected by the manufacturer).

During this time, in August of 2013, we entered into an arrangement with North Star Capital Inc. in which North Star agreed to provide us with a line of credit of up to \$220,000 for the overhaul of the helicopter in exchange for a secured note which paid 9.5% interest. The first interest only payment on this line of credit is due on February 2, 2014 with semi-annual payments of interest after that and then a balloon payment due on August 2, 2015. Additionally, each month that the helicopter is placed back in service, we are required to pay 25% of the net rental income received as a principal payment against the Note. A copy of the North Star line of credit Financing and Security Agreement is an exhibit to this report and incorporated herein by this reference.

We have paid XL Air Service LLC a total of \$180,000 toward the overhaul costs, of which \$160,000 was a draw on the North Star line of credit. We now expect the overhaul to be complete before the end of the year and have recently engaged Elite in negotiating a new lease agreement. We anticipate that the overhaul will increase the value of the helicopter by at least the costs incurred as well as increase its hourly revenue earning rate. We are thus negotiating a similar Lease Agreement with Elite, but at a higher rental rate of \$200 per hour.

On October 8, 2013, we transferred all of our assets and liabilities associated with this aircraft ownership and rental business to a wholly owned subsidiary, General Aircraft, Inc.

On February 11, 2013, we appointed a new sole officer and director, Ari L. Nagler, and moved our executive offices to Scottsdale, Arizona. Under Mr. Nagler’s leadership, in addition to our helicopter rental business, we started to develop an online advertising business through a new subsidiary, Shift It Media Co. On February 25, 2013, we also changed our corporate name to “General Sales and Leasing, Inc.” in order to reflect the addition of this new line of business.

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Additionally, in May of 2013, we entered into an MOU to obtain certain intellectual property rights to an Optical Touch Sensing Software and Chip-set, new patented technology designed to enhance control over electronic devices. Following some due diligence into this technology, we have decided to abandon it as a potential additional new line of business.

During the fourth quarter of this year, we entered into discussions with Xenetic Biosciences plc (“XEN”) regarding a potential all share offer for the entire issued and to be issued share capital of XEN the (“Acquisition”). On November 12, 2013, we reached an agreement on the terms of a recommended proposal for the Acquisition under which we will acquire the entire issued and to be issued share capital of XEN. The Acquisition is to be effected by means of a scheme of arrangement (the “Scheme”) under Part 26 of the Companies Act in the UK by filing a Part 8 Claim with the High Court in London (which was filed on or about November 21, 2013). The Scheme will need to be approved by both 75% of the shareholders of XEN as well as the High Court in London (after a determination of fairness of the transaction) before becoming effective, and there are several other steps that we will need to complete in the process, including a name change and reverse split of 10 to 1. In the event that the acquisition is consummated, certain of the officers and directors of XEN will assume management of our company and we will divest our aircraft and advertising subsidiaries in order to focus fully on the business of XEN.

As a consequence, also on November 12, 2013, as part of the Scheme, we entered into an Agreement of Conveyance, Transfer and Assignment of Subsidiaries and Assumption of Obligations with our largest shareholder, Oxbridge Technology Partners, SA (“Oxbridge”), pursuant to which Oxbridge will acquire all of the rights to our current business operations through the purchase of all the shares of our two wholly owned subsidiaries, Shift It Media and General Aircraft, Inc. (the “Hive Out” Agreement). Under the Hive Out Agreement, Oxbridge will cancel its 100,000,000 Common Shares in exchange for: (a) the shares of our two subsidiaries, and (b) the payment of US\$430,000 in cash, subject, among other things, to the Scheme becoming Effective. The assets and liabilities associated with such businesses will thereby be transferred to Oxbridge and Oxbridge’s 100,000,000 Shares will be retired to treasury upon the Scheme becoming effective. The Hive Out Agreement is attached hereto, and made a part hereof, by this reference.

Under the Scheme, we will issue to the XEN shareholders 56 shares of our common stock for each 175 shares of their common stock. This will result in our immediately issuing an expected total of 130,520,137 shares of our common stock to the XEN Shareholders, which, following our planned 10 to 1 reverse share split and the cancelation of the shares held by Oxbridge in the Hive Out Agreement, will represent over 97% of our issued and outstanding shares.

The current time table for approvals and effectiveness of the Scheme is as follows:

Court and General Meetings..... December 17, 2013

Expected Effective Date of Scheme..... January 23, 2013

There can be no assurance that the Acquisition and Scheme will be effectuated (see conditions to Acquisition in the Scheme Document). Additional details and information regarding the Scheme can be found in the “Recommended Offer” and the Scheme Document itself, both provided in our prior reports on form 8K filed on November 13, 2013 (as amended) and November 25, 2013.

### **Item 2. Properties**

We do not currently own or lease any real property.

### **Item 3. Legal Proceedings**

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

### **Item 4. Mine Safety Disclosures**

Not applicable.

**PART II****Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information**

Our common stock is quoted under the symbol "GAIF" on the OTCBB operated by the Financial Industry Regulatory Authority, Inc. ("FINRA") and the OTCQB operated by OTC Markets Group, Inc. Few market makers continue to participate in the OTCBB system because of high fees charged by FINRA. Consequently, market makers that once quoted our shares on the OTCBB system may no longer be posting a quotation for our shares. As of the date of this report, however, our shares are quoted by several market makers on the OTCQB. The criteria for listing on either the OTCBB or OTCQB are similar and include that we remain current in our SEC reporting. Our reporting is presently current and, since inception, we have filed our SEC reports on time.

The following tables set forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

<b>Fiscal Year Ending August 31, 2013</b>		
<b>Quarter Ended</b>	<b>High \$</b>	<b>Low \$</b>
August 31, 2013	\$0.15	\$0.15
May 31, 2013	\$0.015	\$0.015
February 28, 2013	\$0.015	\$0.015
November 30, 2012	\$0.015	\$0.015

<b>Fiscal Year Ending August 31, 2012</b>		
<b>Quarter Ended</b>	<b>High \$</b>	<b>Low \$</b>
August 31, 2012	\$0.015	\$0.015
May 31, 2012	N/A	N/A
February 29, 2012	N/A	N/A
November 30, 2011	N/A	N/A

As of November 26, 2013, the last trading price of our common stock was \$0.02 per share.

**Penny Stock**

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

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The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

### **Holders of Our Common Stock**

As of November 26, 2012, we had 135,000,000 shares of our common stock issued and outstanding, held by thirty-two (32) shareholders of record.

### **Dividends**

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

### **Item 6. Selected Financial Data**

A smaller reporting company is not required to provide the information required by this Item.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### **Forward-Looking Statements**

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements." These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

## **Results of Operations for the Years Ended August 31, 2013 and 2012.**

During the year ended August 31, 2013, we generated \$96,900 in total revenue, net of cost of sales. Our operating expenses during the year ended August 31, 2013 were \$162,457 and consisted of professional fees in the amount of \$78,406, depreciation and amortization in the amount of \$38,545, officer compensation \$15,000, fuel and oil of \$8,435, aircraft maintenance and fees of \$9,880, management fees of \$4,853 and administrative fees in the amount of \$7,338. In addition, we incurred interest expense in the amount of \$12,947 during the year ended August 31, 2013, as well as a loss on settlement of \$10,668. Our net loss for the year ended August 31, 2013 was \$89,172. By comparison, during the year ended August 31, 2012, we generated total revenues of \$112,786 and incurred a net loss of \$129,673.

## **Liquidity and Capital Resources**

As of August 31, 2013, we had total current assets of \$72,943 consisting of cash in the amount of \$53,222, accounts receivable of \$10,501, and prepaid expenses of \$9,220. We had current liabilities of \$456,076 as of August 31, 2013, consisting of accounts payable and accrued expenses of \$429,693 and accrued interest on our aircraft loan of \$26,383. Accordingly, we had a working capital deficit of \$383,133 as of August 31, 2013.

Our current aircraft loan is purchase money financing in the principal amount of \$212,812.50 secured by our Robinson R44 Raven II helicopter. The loan bears interest at the rate of six percent (6%) per year, and requires semi-annual interest payments of \$6,384, commencing on March 31, 2012, and continuing every six months thereafter. All principal and interest is due under the loan on August 11, 2016.

In August of 2013, we entered into an arrangement with North Star Capital Inc. in which North Star agreed to provide us with a line of credit of up to \$220,000 for the overhaul of our helicopter in exchange for a secured note which paid 9.5% interest. The first interest only payment on this line of credit is due on February 2, 2014 with semi-annual payments of interest after that and then a balloon payment due on August 2, 2015. Additionally, each month that the helicopter is placed back in service, we are required to pay 25% of the net rental income received as a principal payment against the Note. We have paid a total of \$180,000 toward the overhaul costs for the helicopter, of which \$160,000 was a draw on the North Star line of credit. We now expect the overhaul to be complete before the end of the year.

As discussed in the notes to our financial statements, we have not attained profitable operations and are dependent upon obtaining financing or generating revenue from operations to continue operations for the immediate future. As a result, our auditor has expressed a substantial doubt as to our ability to continue as a going concern. As discussed above, we will be required to seek additional financing in order to perform a mandatory overhaul of our helicopter. We can provide no assurance that such financing will be available on terms acceptable to us, or at all.

## **Off Balance Sheet Arrangements**

As of August 31, 2013, there were no off balance sheet arrangements.

## **Going Concern**

We have yet to achieve profitable operations and expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing from shareholders or other sources to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that we will be able to obtain additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available or on acceptable terms, if at all.

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**Critical Accounting Policies**

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” in the Management Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of a company’s financial condition and results, and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. At this time, management does not believe that any of our accounting policies fit this definition.

**Recently Issued Accounting Pronouncements**

The Company has reviewed issued accounting pronouncements and plans to adopt those that are applicable to it. The Company does not expect the adoption of any other pronouncements to have an impact on its results of operations or financial position.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

A smaller reporting company is not required to provide the information required by this Item.

**Item 8. Financial Statements and Supplementary Data**

Index to Financial Statements Required by Article 8 of Regulation S-X:

**Audited Financial Statements:**

F-1 [Report of Report of Independent Registered Public Accounting Firm](#)

F-2 [Consolidated Balance Sheets as of August 31, 2013 and 2012;](#)

F-3 [Consolidated Statements of Operations for the years ended August 31, 2013 and August 31, 2012;](#)

F-4 [Statement of Stockholders’ Equity \(Deficit\) from Inception \(August 9, 2011\) to August 31, 2013;](#)

F-5 [Consolidated Statements of Cash Flows for the years ended August 31, 2013 and August 31, 2012.;](#)

F-6 [Notes to Financial Statements](#)

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
General Sales and Leasing, Inc.

We have audited the accompanying consolidated balance sheet of General Sales and Leasing, Inc. as of August 31, 2013 and 2012 and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, 2013 and 2012 and the results of its operations and its cash flows for the years ended August 31, 2013 and 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the entity has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ L.L. Bradford & Company, LLC  
Las Vegas, Nevada  
November 27, 2013

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**CONSOLIDATED BALANCE SHEETS**

	August 31, 2013	August 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash	\$ 53,222	\$ 32,005
Accounts receivable	10,501	99,108
Prepaid expenses	9,220	—
Total current assets	<u>72,943</u>	<u>131,113</u>
Property, plant and equipment, net of accumulated amortization and depreciation of \$58,026 and \$19,481, respectively		
	413,866	193,019
<b>Total assets</b>	<b><u>\$ 486,809</u></b>	<b><u>\$ 324,132</u></b>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 429,693	\$ 190,667
Accrued interest	26,383	13,560
Total current liabilities	<u>456,076</u>	<u>204,227</u>
Long-term debt	212,813	212,813
Total liabilities	<u>668,889</u>	<u>417,040</u>
Stockholders' (deficit)		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding at August 31, 2013 and 2012, respectively	—	—
Common stock, \$0.001 par value; 300,000,000 shares authorized, 135,000,000 shares issued and outstanding at August 31, 2013 and 2012, respectively	135,000	135,000
Additional paid-in capital	—	—
Accumulated deficit	(317,080)	(227,908)
Total stockholders' (deficit)	<u>(182,080)</u>	<u>(92,908)</u>
<b>Total liabilities and stockholders' (deficit)</b>	<b><u>\$ 486,809</u></b>	<b><u>\$ 324,132</u></b>

The accompanying notes are an integral part to these condensed financial statements

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>For the Years Ended</b>	
	<b>August 31,</b>	
	<b>2013</b>	<b>2012</b>
Revenue, net of cost of sales	\$ 96,900	\$ 112,786
Operating expenses:		
Aircraft maintenance and fee	9,880	36,186
Fuel and oil	8,435	27,270
Management fees	4,853	19,793
Officer compensation	15,000	—
Professional fees	78,406	126,692
Depreciation and amortization	38,545	19,481
Administrative fees	7,338	25
Total operating expenses	<u>162,457</u>	<u>229,447</u>
Net loss from operations	(65,557)	(116,661)
Other income (expense)		
(Gain) loss on settlement	(10,668)	
Interest expense	(12,947)	(13,012)
Total other income (expense)	<u>(23,615)</u>	<u>(13,012)</u>
<b>Net income (loss)</b>	<b><u>\$ (89,172)</u></b>	<b><u>\$ (129,673)</u></b>
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average shares outstanding	<u>135,000,000</u>	<u>144,153,010</u>

The accompanying notes are an integral part to these condensed financial statements

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' (DEFICIT)**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Paid in</u>	<u>Deficit</u>	<u>Stockholders'</u>
					<u>Capital</u>		<u>(deficit)</u>
August 31, 2011	—	\$ —	100,000,000	\$100,000	\$ —	\$ (98,235)	\$ 1,765
Shares issued for cash	—	—	35,000,000	35,000	—	—	35,000
Net (loss)	—	—	—	—	—	(129,673)	(129,673)
August 31, 2012	—	—	135,000,000	135,000	—	(227,908)	(92,908)
Net (loss)	—	—	—	—	—	(89,172)	(89,172)
<b>Balance:</b>							
<b>August 31,</b>							
<b>2013</b>	<u>—</u>	<u>\$ —</u>	<u>135,000,000</u>	<u>\$135,000</u>	<u>\$ —</u>	<u>\$ (317,080)</u>	<u>\$ (182,080)</u>

The accompanying notes are an integral part to these condensed financial statements

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended	
	August 31,	
	2013	2012
<b>Cash flows from operating activities:</b>		
Net (loss)	\$ (89,172)	\$ (129,673)
Adjustments to reconcile net loss		
To net cash used in operations:		
Depreciation and amortization	38,545	19,481
Loss on settlements	10,668	
Changes in operating assets and liabilities:		
Accounts receivable	77,939	(99,108)
Prepaid expenses	(9,220)	—
Accounts payable	239,026	183,293
Accrued interest	12,823	13,012
<b>Net cash provided by operating activities</b>	<b>280,609</b>	<b>(12,995)</b>
<b>Cash flows from investing activities:</b>		
Amortizable overhaul of aircraft	(259,392)	—
<b>Net cash (used) in investing activities</b>	<b>(259,392)</b>	<b>—</b>
<b>Cash flows from financing activities:</b>		
Proceeds from loan payable	—	—
Common stock issued for cash	—	35,000
<b>Net cash provided by financing activities</b>	<b>—</b>	<b>35,000</b>
Net increase in cash	21,217	22,005
Cash at beginning of period	32,005	10,000
<b>Cash at end of period</b>	<b>\$ 53,222</b>	<b>\$ 32,005</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ —	\$ —
Cash paid for taxes	\$ —	\$ —

The accompanying notes are an integral part to these condensed financial statements

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(A) Nature of Business**

General Sales and Leasing, Inc. (formerly known as General Aircraft, Inc.) (the “Company”) was incorporated in Nevada on August 9, 2011 and is engaged in the periodic rental of small aircrafts for personal and business use, in the Southern Nevada market. The Company is not limited to this activity and may, by executive decision, expand or alter its business activity at some future point.

For a nominal fee, the Company has acquired a wholly owned subsidiary named Shift It Media Company (a Nevada corporation) as of February 12, 2013. Shift It Media Company had no assets or liabilities as of the purchase date and all subsequent activity through the date of these financial statements has been properly consolidated.

As of February 13, 2013 the board of directors has consented and the State of Nevada has certified an amendment to the articles of incorporation to enable the company to change its name to General Sales and Leasing, Inc. The ticker symbol for General Sales and Leasing, Inc. will remain GAIF.

Effective February 25, 2013, the board of directors approved a forward split whereby each holder of record will receive ten shares for every one share held no later than February 28, 2013.

**(B) Basis of Presentation**

These financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America and include the have been consistently applied in the preparation of the financial statements on a going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of operations for the foreseeable future.

The Company has adopted an August 31 year end.

**(C) Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany accounts and transactions have been eliminated.

**(D) Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and expenses during the reported period. Actual results could differ from those estimates. Changes in facts and circumstances may result in revised estimates, which are recorded in the period in which they become known.

**(E) Cash and Cash Equivalents**

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. At August 31, 2013 and 2012, the Company had no cash equivalents.

**(F) Overhaul Costs**

Overhaul requirements established by the Federal Aviation Administration, aircraft airframes and engines must be overhauled within specific intervals. The value and usefulness of an aircraft can be heavily dependent on its stage of overhaul. For accounting purposes, airframe and aircraft engine overhauls encompass all inspections or replacements of major components, which the civil air regulations require at specific maximum periodic intervals to recertify that the frame or engine is completely airworthy. The Company reports its overhaul costs in accordance with ASC Topic 908-360-30-1(b). Overhaul costs are recorded utilizing the deferral method which requires the capitalization of costs when they are incurred. Under the deferral method, the actual cost of each overhaul is amortized to the next overhaul.

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(G) Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method and with useful lives used in computing depreciation. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Expenditures for maintenance and repairs are charged to operations as incurred; additions, renewals and betterments are capitalized.

**(H) Long-Lived Assets**

The Company accounts for its long-lived assets in accordance with ASC Topic 360-10. ASC Topic 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value.

**(I) Financial Instruments**

Financial instruments consist of cash, accounts receivable, accounts payable, and notes payable. Recorded values of cash, receivables, payables and accrued liabilities approximate fair values due to the short maturities of such instruments. Recorded values for notes payable and related liabilities approximate fair values, since their stated or imputed interest rates are commensurate with prevailing market rates for similar obligations.

**(J) Loss Per Share**

The Company reports earnings (loss) per share in accordance with ASC Topic 260-10. Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of August 31, 2013, there were no potential common shares underlying warrants or options.

**(K) Revenue Recognition**

Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition in Financial Statements, as revised by SAB No. 104. As such, the Company recognizes revenue when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable and collectability is probable. Sales are recorded net of sales discounts.

Revenues, which do not require production, modification or customization and do not have multiple elements, are recognized when (i) persuasive evidence of an arrangement exists; (ii) service has occurred; (iii) the Company's fee is fixed and determinable; and (iv) collectability is probable.

The revenues of the Company's wholly owned subsidiary are derived from online advertising sales. The Company recognizes revenue in accordance with Accounting Standard Codification (ASC) 605-10 (previously Securities and Exchange Commission Staff Accounting Bulletin No. 104, Revenue Recognition). Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

**(L) Income Taxes**

Income taxes are accounted for under the asset and liability method in accordance with ASC Topic 740-10. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. When it is considered to be more likely than not that a deferred tax asset will not be realized, a valuation allowance is provided for the excess.

**(M) Recent Accounting Pronouncements**

We do not believe there are any recently issued accounting standards that have not yet been adopted that will have a material impact on the Company's financial statements.

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a net loss of \$317,080 for the period of August 9, 2011 (inception) to August 31, 2013, and it is expected that it will continue to have negative cash flows as the business plan is implemented.

These conditions give rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional financing or sale of its common stock as may be required and ultimately to attain profitability.

**NOTE 3 - FIXED ASSETS**

On August 11, 2011, the Company entered into an Aircraft Purchase/Sales Agreement with an unrelated and unaffiliated third party for the acquisition of a 2002 Robinson R44 Raven II helicopter for the purchase price of \$212,500. Pursuant to paragraph 7 of the agreement, the Seller warrants that the Aircraft is in airworthy condition and has a currently effective Standard Category airworthiness certificate issued by the Federal Aviation Administration ("FAA") and that all Airworthiness Directives have been complied with. In September 2011, the Company engaged the services of an independent third party to perform the FAA required annual inspection without incident. The first mandatory FAA overhaul is required at 2,000 hobbs hours of operation has occurred in April 2013, the required overhaul is anticipated to take at least five months and keep the helicopter inoperable until December 2013. When completed the overhaul, which is anticipated to cost between \$200,000 and \$220,000 will increase the depreciable value of the asset and its hourly rental rate as well. The aircraft was placed in service on October 1, 2011 and is estimated to have a useful life of approximately 10 years. As of August 31, 2013, and 2012, the Company recorded depreciation expense of \$21,252 and \$19,481, respectively.

Fixed assets consist of the following:

	August 31, 2013	August 31, 2012
Robinson R44 helicopter	\$ 212,500	\$ 212,500
Aircraft overhaul 2013	259,392	—
Total fixed assets	471,892	212,500
Less:		
Accumulated amortization	17,293	—
Accumulated depreciation	40,733	19,481
Total fixed assets, net	\$ 413,866	\$ 193,019

**NOTE 4 - CURRENT LIABILITIES**

Accrued liabilities consist of the following:

	August 31, 2013	August 31, 2012
Accounts payable	\$ 429,693	\$ 190,667
Accrued interest	26,383	13,560
Total accrued liabilities, net	\$ 456,076	\$ 204,227

**GENERAL SALES AND LEASING, INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT**

On August 11, 2011, the Company entered into a Purchase Money Promissory Note and Security Agreement in the amount of \$212,813. The loan bears interest at a rate of 6% per annum, is secured by all the assets of the Company and matures on August 11, 2016. Pursuant to the terms of the agreement, the Company is required to make semi-annual interest only payments in the amount of \$6,385 beginning on March 31, 2012 with the unpaid principal and accrued interest due at maturity on August 11, 2016. In addition, the agreement provides for one ninety-day extension at maturity upon the option of the holder. As of August 31, 2013 and 2012, the principal balance totaled \$212,813 and accrued interest was \$26,383 and \$13,560, respectively.

On August 2, 2013 the Company entered into a Financing and Security Agreement for a line of credit to be solely used as direct payment for the 2013 overhaul of the Robinson R44 Raven II Helicopter. The line of credit has a \$220,000 limit, is collateralized by all the assets of the Company and bears a 9.5% interest rate, it carries repayment terms of regular interest only payments due on a semi-annual basis beginning February 2, 2014. In addition, the agreement stipulates that the Company must make principal monthly payments of 25% of the helicopter's net rental income due on the 10<sup>th</sup> of each month following service, beginning in the month the helicopter is placed back in service upon the completion of the overhaul. All principal and interest is payable on or before August 2, 2015. As of August 31, 2013 and 2012, accrued interest totaled \$0 and 0, respectively.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

On September 1, 2011, the Company entered into an Aircraft Use/Management Agreement with Elite Aviation VGT, LLC ("Elite") Mr. Ian Johnson, our sole officer is an employee of Elite. The term of the agreement is on a month to month basis with a ninety-day notification period for termination. Elite is wholly owned by the Company's former officers. Pursuant to the agreement, Elite has the authority to utilize the Company's Robinson R44 helicopter in its ordinary course of business for rental and training purposes in exchange, Elite agrees to provide hanger storage and maintenance services at industry standard rates. In addition, Elite Aviation VGT, LLC ("Elite"), through their industry experience and contacts, assisted the Company in locating the R44 Raven. Elite also introduced the Company to various lenders, one of which subsequently provided the financing for the acquisition of the aircraft. The Company may seek Elite's assistance in connection the future purchase and/or financing of an additional aircraft.

On November 1, 2012, the Company terminated the Aircraft Use/Management Agreement with Elite Aviation VGT, LLC ("Elite") and replaced it with a Helicopter Lease Agreement with the same company. The lease agreement provides for income at a rate of \$185 per Hobbs hour, and stipulates that the lessee will be responsible for all maintenance and repairs, hangar parking fees, insurance fees, as well as fuel and oil costs in relation to the helicopter for the duration of the lease, which is the sooner of December 31, 2014 or the date upon which the helicopter reaches a Hobbs register reading of 2,200 hours.

During the first quarter of fiscal year 2013, Elite had the authority to adjust the end user rental rate from time to time to allow for fluctuations in operating costs. During the year ended August 31, 2013 the Company recognized average rental rate was \$198.43. Prior to November 1, 2012, all repairs were at the Company's expense and billed by Elite at a rate congruent with the average local rate, subsequent to November 1, 2012 the lessee paid for these expenses. Also prior to November 1, 2012, parts required to be purchased by Elite for repair and maintenance were charged back to the Company and subsequent to November 1, 2012 the lessee is responsible for these types of charges. In addition, the Company was responsible for payment of all debt service, applicable property and other taxes, license and registration fees; hangar parking rate of \$350 per month; fuel and regular operating oil, calculated using the actual VGT field delivery rate of Elite prior to November 1, 2012. Also prior to November 1, 2012, management fees were paid as a percentage of gross revenue based upon the billable Hobbs hours each month as follows: 1) 0 to 10 hours =15% of gross revenue, 2) 11 to 25 hours =17%, and 3) 26 + hours =19%. During the year ended August 31, 2013, the Company recorded revenue from helicopter rentals of \$88,260 as a result of its agreement with Elite. The related costs incurred for the year totaled \$23,168 which is comprised of aircraft fees of \$9,880, fuel \$8,435 and management fees totaling \$4,853.

The wholly owned subsidiary pays an officer of the parent compensation of \$2,500 per month for his services as manager and operator. During the year ended August 31, 2013 the officer was paid \$15,000.

**GENERAL SALES AND LEASING, INC.**  
**(formerly known as General Aircraft, Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 STOCKHOLDERS' EQUITY**

Effective February 25, 2013, the Company effectuated a ten –for – one forward stock split, whereby increasing the authorized capital to 300,000,000 \$0.001 par value common stock and 10,000,000 \$0.001 par value preferred stock. Preferred Stock may be issued in one or more series, with all rights and preferences being determined by the board of directors. All transactions have been retroactively re-stated to reflect the forward split.

**Preferred Stock**

The voting rights, rate of dividends preference in relation to other classes or series, and rights in the event of liquidation related to shares of Preferred Stock of any series are determined by the board of directors and may vary from time to time.

**Common Stock**

Holders of common stock have voting rights equal to one vote for each share of Common Stock held and are entitled to receive dividends when, and if declared by the board of directors subject to the rights of any Preferred Stock having preference as to dividends. In the event of liquidation or dissolution, subject to the rights of Preferred Stock

Holders' are entitled to share ratably in the Corporations assets. Holders of Common Stock do not have conversion, redemption or preemptive rights.

On April 6, 2012, the Company sold a total of 35,000,000 shares of its common stock pursuant to its initial public offering for total proceeds of \$35,000.

**NOTE 8 SUBSEQUENT EVENTS**

As of August 31, 2013 the sole revenue earning asset of the parent company, General Sales and Leasing, Inc. remains out of operation for a mandatory overhaul which the Company anticipates will be completed early in December 2013 and cost between \$200,000 and \$220,000. This overhaul will increase the value of the asset as well as increase its hourly revenue earning rate. Thus, in months subsequent to April 2013 (the beginning of the overhaul) through the time the asset is returned to operations the parent company will have no revenue earning capability from its sole asset.

The Company does not anticipate earning any additional revenue from its current lease agreement with Elite Aviation VGT, LLC, and will be negotiating a new lease agreement once the helicopter returns to operating capability. The new contract anticipates an hourly rate of \$185-\$200 with a monthly minimum of 40 hours.

On October 4, 2013 the Company withdrew \$160,000 from its line of credit in order to make the first payment on the aircraft overhaul. The total amount of the overhaul was billed to the Company during fiscal year end 2013 and is included in accounts payable.

In accordance with ASC 855, management evaluated all activity of the Company through the issue date of the financial statements and concluded that no other subsequent events have occurred that would require recognition or disclosure in the financial statements.

**Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

As required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report, being August 31, 2013. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based upon that evaluation, including our Chief Executive Officer and Chief Financial Officer, we have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this annual report.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Management has assessed the effectiveness of our internal control over financial reporting as of August 31, 2013 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of August 31, 2013, our internal control over financial reporting was not effective. Our management identified the following material weaknesses in our internal control over financial reporting, which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines.

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we hope to implement the following changes during our fiscal year ending August 31, 2013: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out in (i) and (ii) are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Item 9B. Other Information**

None

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Our sole executive officer and director is as follows:

<b>Name</b>	<b>Age</b>	<b>Position(s) and Office(s) Held</b>
Ari Nagler	39	President, Chief Executive Officer, Chief Financial Officer and Director

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

**Ari Nagler** was appointed as our President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer, and Director on February 11, 2013. Since 2010, he has been the Chief Executive Officer and cofounder of Nuad Networks, an online advertising business which is currently delivering over 500 million monthly online ad impressions. From 2009 until 2010, Mr. Nagler was Vice President of Ace Air, where he managed a 130 employee HVAC contracting business. From 2004 until 2009, he was the principal of World Class Investments / Ari Nagler, PLLC, where he negotiated, managed, and closed M&A transactions. From 2004 until 2008, Mr. Nagler was also owner and President of Candleloft/The Candle Maker, a manufacturing, retail, and wholesale business. Mr. Nagler graduated from Cornell University in 1996 with a Bachelor of Science: Organizational Development and Management Consulting Concentration. There are no other items of specific professional experience, qualifications, or skills that led to his appointment as our sole officer and director.

**Term of Office**

Our Directors are appointed for a one year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

**Family Relationships**

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

**Involvement in Certain Legal Proceedings**

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended, vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

**Committees of the Board**

We do not currently have a compensation committee, executive committee, or stock plan committee.

## **Audit Committee**

We do not have a separately-designated standing audit committee. The entire Board of Directors performs the functions of an audit committee, but no written charter governs the actions of the Board when performing the functions of what would generally be performed by an audit committee. The Board approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the Board reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor. Our Board of Directors, which performs the functions of an audit committee, does not have a member who would qualify as an “audit committee financial expert” within the definition of Item 407(d)(5)(ii) of Regulation S-K. We believe that, at our current size and stage of development, the addition of a special audit committee financial expert to the Board is not necessary.

## **Nomination Committee**

Our Board of Directors does not maintain a nominating committee. As a result, no written charter governs the director nomination process. Our size and the size of our Board, at this time, do not require a separate nominating committee.

When evaluating director nominees, our directors consider the following factors:

- The appropriate size of our Board of Directors;
- Our needs with respect to the particular talents and experience of our directors;
- The knowledge, skills and experience of nominees, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;
- Experience in political affairs;
- Experience with accounting rules and practices; and
- The desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new Board members.

Our goal is to assemble a Board that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Board may also consider such other factors as it may deem are in our best interests as well as our stockholders. In addition, the Board identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service or if the Board decides not to re-nominate a member for re-election, the Board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Board are polled for suggestions as to individuals meeting the criteria described above. The Board may also engage in research to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate or assist in identifying potential nominees, although we reserve the right in the future to retain a third party search firm, if necessary. The Board does not typically consider shareholder nominees because it believes that its current nomination process is sufficient to identify directors who serve our best interests.

## **Code of Ethics**

As of August 31, 2013, we had not adopted a Code of Ethics for Financial Executives, which would include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

**Item 11. Executive Compensation****Compensation Discussion and Analysis**

The Company presently not does have employment agreements with its executive officer and it has not established a system of executive compensation or any fixed policies regarding compensation of executive officers. Our sole officer, Ari Nagler, is currently paid some cash compensation for his services. As our business and operations expand and mature, we expect to develop a formal system of compensation designed to attract, retain and motivate talented executives.

**Summary Compensation Table**

The table below summarizes all compensation awarded to, earned by, or paid to our former or current executive officers for the fiscal years ended 2013 and 2012.

SUMMARY COMPENSATION TABLE										
Name and principal position	Year	Salary		Stock Awards		Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Ari Nagler, President, CEO, CFO, and director	2013	15,000	0	0	0	0	0	0	0	15,000
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ian Johnson, former officer	2013	0	0	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0	0
Jason Duncan, former officer	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2012	0	0	0	0	0	0	0	0	0
Shawn Mullin, former officer	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2012	0	0	0	0	0	0	0	0	0

**Narrative Disclosure to the Summary Compensation Table**

During the fiscal year ended August 31, 2013, Ari Nagler received cash compensation of \$15,000.

**Outstanding Equity Awards at Fiscal Year-End**

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of August 31, 2013.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END									
OPTION AWARDS						STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Market Value of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Payout Value of Shares or Rights That Have Not Vested (#)
Ari Nagler	0	0	0	0	0	0	0	0	0

**Director Compensation**

The table below summarizes all compensation of our directors for the year ended August 31, 2013.

DIRECTOR COMPENSATION							
Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Ari Nagler	0	0	0	0	0	0	0
Ian Johnson, former director	0	0	0	0	0	0	0

**Narrative Disclosure to the Director Compensation Table**

We do not compensate our directors for their service at this time.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth, as of November 26, 2013, the beneficial ownership of our common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the our common stock and by the executive officers and directors as a group:

<b>Title of class</b>	<b>Name and address of beneficial owner<sup>(1)</sup></b>	<b>Amount of beneficial ownership</b>	<b>Percent of class</b>
Common	Ari Nagler 16445 North 91st St., Suite 103 Scottsdale, Arizona 85260	0	0%
<b>Common</b>	<b>Total all executive officers and directors</b>	<b>0</b>	<b>0%</b>
<b>Common</b>	<b>Other 5% Shareholders</b>		
Common	Oxbridge Technology Partners SA <sup>(2)</sup> Main St. Belize City, Belize	100,000,000	74.07%

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

(2) Ricardo Bain is the Director of Oxbridge Technology Partners SA and, in that capacity, has the authority to control investment and voting decisions with regard to its shares of common stock.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Except as stated herein, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last two years or in any presently proposed transaction which, in either case, has or will materially affect us.

None.

**Director Independence**

We are not a “listed issuer” within the meaning of Item 407 of Regulation S-K and there are no applicable listing standards for determining the independence of our directors. Applying the definition of independence set forth in Rule 4200(a)(15) of The Nasdaq Stock Market, Inc., we do not believe that we have any independent directors.

**Item 14. Principal Accounting Fees and Services**

Below is the table of Audit Fees (amounts in US\$) billed by our auditor in connection with the audit of the Company’s annual financial statements for the years ended:

<b>Financial Statements for the Year Ended August 31</b>	<b>Audit Services</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>Other Fees</b>
<b>2013</b>	\$8,000	\$7,500	\$0	\$0
<b>2012</b>	\$8,000	\$7,500	\$0	\$0

**PART IV**

**Item 15. Exhibits, Financial Statements Schedules**

*(a) Financial Statements and Schedules*

The following financial statements and schedules listed below are included in this Form 10-K.

Financial Statements (See Item 8)

*(b) Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
3.1	Articles of Incorporation <sup>(1)</sup>
3.2	Certificate of Amendment to Articles of Incorporation <sup>(2)</sup>
3.3	Certificate of Amendment to Articles of Incorporation <sup>(3)</sup>
3.4	Bylaws <sup>(1)</sup>
9.1	Scheme Document (including the Equivalent Document) <sup>(5)</sup>
9.2	Announcement of Recommended Offer for shares of Xenetic Biosciences plc <sup>(4)</sup>
9.3**	<a href="#">Agreement Of Conveyance, Transfer And Assignment Of Subsidiaries And Assumption Of Obligations</a>
10.1	Promissory Note and Security Agreement <sup>(1)</sup>
10.2**	<a href="#">Financing and Security Agreement with North Star Capital Group, Inc.</a>
31.1**	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2**	<a href="#">Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101**	The following materials from the Company's Annual Report on Form 10-K for the year ended August 31, 2013 formatted in Extensible Business Reporting Language (XBRL).

<sup>(1)</sup> Incorporated by reference to Registration Statement on Form S-1 filed November 21, 2011.

<sup>(2)</sup> Incorporated by reference to Current Report on Form 8-K filed February 12, 2013.

<sup>(3)</sup> Incorporated by reference to Current Report on Form 8-K filed February 27, 2013.

<sup>(4)</sup> Incorporated by reference to Current Report on Form 8-K filed November 13, 2013.

<sup>(5)</sup> Incorporated by reference to Current Report on Form 8-K filed November 25, 2013.

\*\*Provided herewith

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GENERAL AIRCRAFT, INC.**

By: /s/ Ari Nagler  
Ari Nagler

Title: Chief Executive Officer, Chief Financial Officer, President and sole Director

Date: November 27, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ari Nagler  
Ari Nagler

Title: Chief Executive Officer, Chief Financial Officer, President and sole Director

Date: November 27, 2013



## CERTIFICATIONS

I, Ari L. Nagler, certify that;

1. I have reviewed this annual report on Form 10-K for the year ended August 31, 2013 of General Sales and Leasing, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 27, 2013

/s/ Ari L. Nagler

By: Ari L. Nagler

Title: Chief Executive Officer

## CERTIFICATIONS

I, Ari L. Nagler, certify that;

1. I have reviewed this annual report on Form 10-K for the year ended August 31, 2013 of General Sales and Leasing, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 27, 2013

/s/ Ari L. Nagler

By: Ari L. Nagler

Title: Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual Report of General Sales and Leasing, Inc. (the "Company") on Form 10-K for the year ended August 31, 2013 filed with the Securities and Exchange Commission (the "Report"), I, Ari L. Nagler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ Ari L. Nagler  
Name: Ari L. Nagler  
Title: Principal Executive Officer, Principal Financial Officer  
and Director  
Date: November 27, 2013

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**AGREEMENT OF CONVEYANCE, TRANSFER AND ASSIGNMENT OF SUBSIDIARIES AND ASSUMPTION OF OBLIGATIONS**

This Agreement of Conveyance, Transfer and Assignment of Subsidiaries and Assumption of Obligations ("Transfer and Assumption Agreement") is made as of November 12, 2013 by and among General Sales Inc. Leasing, Inc., a Nevada corporation ("Assignor"), Oxbridge Technology Partners, SA ("Assignee"), Shift It Media Company, a Nevada corporation, and General Aircraft, Inc. a Nevada corporation (together, the "Subsidiaries").

WHEREAS, Assignor owns a 100% interest in the Subsidiaries; and

WHEREAS, through both its own direct operations and through the Subsidiaries, Assignor has been engaged in the business of owning and operating helicopters for use in sightseeing tours and as pilot training aircraft and, most recently, an online advertising business (the "Business"); and

WHEREAS, Assignor desires to convey, transfer and assign to Assignee, and Assignee desires to acquire from Assignor, nil of the issued and outstanding stock and any other form of ownership interest in the Subsidiaries, along with all the assets of the Business held or owned by the Assignor, and, in connection therewith, Assignee has agreed to accept and assume all of the liabilities of Assignor relating to the Business, to the Subsidiaries, and to Assignor's operations prior to the date of this Agreement on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto intending to be legally bound hereby, agree as follows:

**Section 1. Condition Precedent.** This Agreement shall be conditional on the Assignor obtaining shareholder and court approval and the effectiveness of the scheme of arrangement filed in connection with the Assignor's acquisition of the entire issued share capital of Xenetic Biosciences plc (the "Condition Precedent").

**Section 2. Assignment of Subsidiaries, Assets and Business.**

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Assignor and Subsidiaries, Assignor does hereby assign, grant, bargain, sell, convey, transfer and deliver to Assignee, and its successors and assigns, all of Assignor's capital stock and any other form of ownership interest in Shift It Media Company a Nevada corporation, and General Aircraft, Inc., a Nevada corporation. In addition, Assignor does hereby assign, grant, bargain, sell convey, transfer and deliver to Assignee and its successors and assigns, all of Assignor's right, title and interest in, to and under the assets, properties and business, of every kind and description, wherever located, real, personal or mixed, tangible or intangible, owned, held or used in the conduct of the Business (the "Assets"), including, but not limited to, the assets listed on Exhibit A hereto, and identified in part by reference to Assignor's most recent balance sheet filed with Securities and Exchange Commission (the "Balance Sheet").

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### **Section 3. Assumption.**

**3.1 Assumed Liabilities.** As of the date hereof, Assignee hereby assumes and agrees to pay, perform and discharge, fully and completely, all liabilities, commitments, contracts, agreements, obligations or other claims against Assignor, whether known or unknown, asserted or unasserted, accrued or unaccrued, absolute or contingent, liquidated or unliquidated, due or to become due, and whether contractual, statutory, or otherwise associated with the Business, the Subsidiaries, and/or to any aspect of Assignor's operations related to the Assets being transferred herein (the "Liabilities"), including, but not limited to, the Liabilities listed on Exhibit B, and identified in part by reference to the Balance Sheet.

**3.2 Indemnity.** Assignee shall indemnify and hold harmless the Assignor for any loss, liability, claim, damage, or expense arising from or in connection with any claim relating to or arising out of any Liabilities.

**3.3 Cancellation of Shares.** The Assignee further agrees to retire to treasury all of its common stock (100,000,000 shares or such other number of shares held by the Assignee following any corporate reorganization, split or otherwise) held in the Assignor effective as of the date of satisfaction of the Condition Precedent.

**3.4. Payment of Consideration.** The payment of \$430,000US shall be made by the Assignor to the Assignee following the satisfaction of the Condition Precedent. In the event that such consideration is specifically prohibited under the scheme, this agreement shall be null and void.

**Section 4. Headings.** The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Transfer and Assumption Agreement.

**Section 5. Governing Law and Venue.** This Agreement shall be constructed and construed in accordance with the internal substantive laws of the State of Nevada, without regard to the choice of law principles of said State. The parties agree that the exclusive venue of any action, suit, counterclaim or cross claim arising under, out of, or in connection with this Agreement shall be the state or federal courts in Clark County, Nevada. The parties hereby consent to the personal jurisdiction of any court of competent subject matter jurisdiction sitting in Clark County, Nevada.

**Section 6. Waiver of Right to Trial by Jury.** Each of the parties hereto hereby waives any right to trial by jury of any claim, demand, action or cause of action (a) arising under this agreement or any other instrument, document or agreement executed or delivered in connection herewith or therewith, or (b) in any way connected with or related or incidental to the dealings of the parties hereto or any of them in respect to this agreement. Each of the parties hereto represents that it has reviewed this waiver and has knowingly and voluntarily waived its jury trial rights following consultation with legal counsel. Each of the parties hereto agrees that the other may file a copy of this agreement with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

**Section 7. Understanding of Agreement.** The parties each acknowledge that they have fully read the contents of this Agreement and that they have had the opportunity to obtain the advice of counsel of their choice, and that they have full, complete and total comprehension of the provisions hereof and are in full agreement with each and every one of the terms, conditions and provisions of this Agreement. As such, the parties agree to waive any and all rights to apply an interpretation of any and all terms, conditions or provisions hereof, including the rule of construction that such ambiguities are to be resolved against the drafter of this Agreement. For the purpose of this instrument, the parties agree that ambiguities, if any, are to be resolved in the same manner as would have been the case had this instrument been jointly conceived and drafted.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the parties hereto as of the date first above written.

General Sales and Leasing, Inc.

/s/ Ari Nagler

By: Ari Nagler

Shift It Media Company

/s/ Ari Nagler

By: Ari Nagler

General Aircraft, Inc.

/s/ Ari Nagler

By: Ari Nagler

Oxbridge Technology Partners SA

/s/ Authorized Signatory

Exhibit A

- (a) The Robinson R44 Raven II helicopter (N881KE)
- (b) All of the equipment, computers, servers, hardware, appliances, implements, and all other tangible personal property that are owned by Assignor and have been used in the conduct of the Business;
- (c) all inventory associated with the Business;
- (d) all real property and real property leases to which Assignor is a party, and which affect the Business or the Assets;
- (e) all contracts to which Assignor is a party, or which affect the Business or the Assets, including leases of personal property;
- (f) all rights, claims and causes of action against third parties resulting from or relating to the operation of the Business or the Assets, including without limitation, any rights, claims and causes of action arising under warranties from vendors and other third parties;
- (g) all governmental licenses, permits, authorizations, consents or approvals affecting or relating to the Business or the Assets;
- (h) all accounts receivable, notes receivable, prepaid expenses and insurance and indemnity claims to the extent related to any of the Assets or the Business;
- (i) all goodwill associated with the Assets and the Business;
- (j) all business records, regardless of the medium of storage, relating to the Assets and/or the Business, including without limitation, all schematics, drawings, customer data, subscriber lists, statistics, promotional graphics, original art work, mats, plates, negatives, accounting and financial information concerning the Assets or Business;
- (k) all internet domain names and URLs of the Business, software, inventions, art works, patents, patent applications, processes, shop rights, formulas, brand names, trade secrets, know-how, service marks, trade names, trademarks, trademark applications, copyrights, source and object codes, customer lists, drawings, ideas, algorithms, processes, computer software programs or applications (in code and object code form), tangible or intangible proprietary information and any other intellectual property and similar items and related rights owned by or licensed to Assignor used in the Business, together with any goodwill associated therewith and all rights of action on account of past, present and future unauthorized use or infringement thereof; and
- (l) all other privileges, rights, interests, properties and assets of whatever nature and wherever located that are owned, used or intended for use in connection with, or that are necessary to the continued conduct of, the Business as presently conducted or planned to be conducted.

Exhibit B

- (a) All liabilities in respect of indebtedness of Assignor related to the Business;
- (b) product liability and warranty claims relating to any product or service of Assignor associated with the Business;
- (c) taxes, duties, levies, assessments and other such charges, including any penalties, interests and fines with respect thereto, payable by Assignor to any federal, provincial, municipal or other government, domestic or foreign, incurred in the conduct of the Business;
- (d) liabilities for salary, bonus, vacation pay, severance payments damages for wrongful dismissal, or other compensation or benefits relating to Assignor's employees employed in the conduct of the Business;
- (e) any liability or claim for liability (whether in contract, in tort or otherwise, and whether or not successful) related to any lawsuit or threatened lawsuit or claim (including any claim for breach or non-performance of any contract) based upon actions, omissions or events relating to the Business; and
- (f) any liability, ongoing duty or obligation, or any claim for liability or performance of any ongoing duty or obligation arising under any and all contracts to which Assignor is a party, or which affect the Business or the Assets.



## FINANCING AND SECURITY AGREEMENT

This Financing and Security Agreement (the "Agreement") is made as of August 2, 2013, by and between General Sales and Leasing, Inc., a Nevada corporation ("GAIF") and North Star Capital Group, Inc. ("NCG"), a Belize corporation.

WHEREAS, GAIF is engaged in the business of owning and leasing a Robinson R44 helicopter (tail number: 881KE) for rental use (the "Business"); and

WHEREAS, GAIF is in need of financing for the overhaul of 881KE (the "Overhaul") which NCG is willing to provide on the terms and conditions provided herein;

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto, intending to be legally bound hereby agree as follows:

**1. Line of Credit Financing for Overhaul.** NCR shall provide GAIF with a line of credit financing, as necessary for the Overhaul of 881KE of up to \$220,000 ("Loan Amount"). Such amounts shall be advanced billed by the vendor for the Overhaul work as and when performed. Any amounts billed in excess of the limits to the Loan Amount shall be promptly paid by GAIF for the completion of all Overhaul work.

### **2. Payment Terms.**

a. Regular interest only payments shall be made on a semi-annual basis with the first interest only payment of 9.5% of the outstanding principal balance due on February 2, 2014, and each successive interest only payment due every six (6) months thereafter. Interest shall be calculated on outstanding principal on a 365 day basis.

b. All principal and accrued interest not paid earlier shall be due and payable by GAIF on or before August 2, 2015.

c. Additionally, within the first 10 days of the first day of each month following the first month in which 881KE is placed back into service after the Overhaul, GAIF shall pay NCR 25% of its net rental income received from the lease of 881KE during the prior month. Payments made under this section shall be applied against the outstanding principal balance and shall continue until the Loan Amount is paid in full.

d. All payments not otherwise designated, shall be applied first to interest, then to principal and shall be credited to GAIF's account on the date that such payment is physically received by NCG.

f. GAIF shall have the right to prepay all or any part of the principal due under this Agreement at any time, without penalty.

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**3. Grant of Security Interest.** As collateral security for the prompt, complete, and timely satisfaction of all present and future indebtedness, liabilities, duties, and obligations of GAIF to NCG evidenced by or arising under this Agreement, and including, without limitation, all principal and interest payable under this Agreement and all attorneys' fees, cost and expenses incurred by GAIF in the collection or enforcement of the same (collectively the "Obligations") GAIF hereby pledges, assigns and grants to NCG a continuing security interest and lien in all of GAIF's right, title and interest in and to the property, whether now owned or hereafter acquired by GAIF and whether now existing or hereafter coming into existence or acquired, including the proceeds of any disposition thereof described on Exhibit "A" attached hereto and incorporated herein by this reference (collectively, the "Collateral"). As applicable, the terms of this Agreement with respect to GAIF's granting of a security interest in the Collateral to NCG shall be deemed to be a security agreement under applicable provisions of the Uniform Commercial Code CC' "),with GAIF as the debtor and NCG as the secured party. It is understood that the grant of a security interest herein is junior in priority to a prior purchase money security interest granted to Western Intermountain Holdings Trust.

**4. Perfection.** Upon the execution and delivery of this Agreement, GAIF authorizes NCG to file such financing statements and other documents in such offices as shall be necessary or as NCG may reasonably deem necessary to perfect and establish the priority of the liens granted by this Agreement, including any amendments, modifications, extensions or renewals thereof. GAIF agrees, upon NCG's request, to take all such actions as shall be necessary or as NCG may reasonably request to perfect and establish the priority of the liens granted by this Agreement, including any amendments, modifications, extensions or renewal hereof. GAIF shall cooperate fully with NCG in establishing and maintaining NCG's perfection of NCG's security interest in the Collateral, including notifying and keeping NCG apprised of the current location of all of the Collateral which consists of physical property and the status of all accounts payable or similar rights which are a part of the Collateral.

**5. Representations and Warranties of GAIF.** GAIF hereby represents and warrants the following to NCG:

a. GAIF and those executing this Agreement on its behalf have the full right, power, and authority to execute deliver and perform the Obligations under this Agreement, which are not prohibited or restricted under the articles of incorporation or bylaws of GAIF. This Agreement has been duly executed and delivered by an authorized officer of GAIF and constitutes a valid and legally binding obligation of GAIF enforceable in accordance with its terms.

b. The execution of this Agreement and GAIF's compliance with the terms, conditions and provisions hereof does not conflict with or violate any provision of any agreement, contract, lease, deed of trust, indenture, or indenture to which GAIF is a party or by which GAIF is bound, or constitute a default thereunder or result in the imposition of any lien, charge encumbrance, claim or security interest of any nature whatsoever upon any of the Collateral.

c. The security interest granted hereby in and to the Collateral constitutes a present, valid, binding and enforceable security interest as collateral security for the Obligations, and, except as to leased equipment or purchase-money encumbrances existing as of the date of this Agreement expressly disclosed to NCG in writing such interests. upon perfection, will be senior and prior m any liens, encumbrances, charges, title defects, interests and rights of any others with respect to such Collateral other than already disclosed.

**6. Covenant of GAIF.** For so long as any Obligations remain outstanding:

a. GAIF shall use the proceeds of this Agreement solely for the Overhaul of a 2002 Robinson R44 Raven II, Aircraft Registration Number N881KE, Serial Number 10031. All funds advanced hereunder shall be deposited into an escrow established for such purpose or paid directly to the Vendor doing the Overhaul.

b. GAIF shall not sell, assign or transfer any of the Collateral, or any part thereof or interest therein except in the ordinary course of its business;

c. GAIF shall pay or cause to be paid promptly when due all taxes and assessments on the Collateral as well as any shortfall necessary to complete the Overhaul of the Aircraft.

**7. Use of Collateral.** For so long as no event of default shall have occurred and be continuing under this Agreement, GAIF shall be entitled to use and possess the Collateral and to exercise its rights, title and interest in all contracts, agreements and licenses subject to the rights remedies, powers and privileges of NCG under this Agreement and to such use, possession or exercise not otherwise constituting an event of default. Notwithstanding anything herein to the contrary, GAIF shall remain liable to perform its duties and obligations under the contracts and agreements included in the Collateral in accordance with their respective term to the same extent as if this Agreement had not been executed and delivered; the exercise by NCG of any right, remedy, power or privilege in respect of this Agreement shall not release GAIF from any of its duties and obligations under such contracts and agreements; and NCG shall have no duty, obligation or liability under such contracts and agreements included in the Collateral by reason of this Agreement, nor shall NCG be obligated to perform any of the duties or obligations of GAIF under any such contract or agreement or to tab any action to collect or enforce any claim (for payment) under any such contract or agreement

**8. Defaults.** The following events shall be defaults under this Agreement:

a. GAIF's failure to remit any payment under this Agreement on before the date due, if such failure is not cured in full within five (5) days of written notice of default;

b. GAIF's failure to preform or breach of any non-monetary obligation or covenant set forth in this Agreement or in the Agreement if such failure is not cured in full within ten (10) days following delivery of written notice thereof from NCG to GAIF;

c. If GAIF is dissolved, whether pursuant to any applicable articles of incorporation or bylaws, and/or any applicable laws, or otherwise;

d. Default in GAIF's obligation for borrowed money, other than this loan, which shall continue for a period of twenty (20) days;

e. The commencement of any action or profiling which affects the Collateral or title thereto or the interest of NCG therein including but not limited to eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent;

f. The entry of a decree or order by a court having jurisdiction in the premises adjudging GAIF bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of GAIF under the federal Bankruptcy code or any other applicable federal or state law, or appointing a receiver, liquidator assignee or trustee of GAIF, or any substantial part if its property, or ordering the winding up or liquidation of its affairs and the continuance of any such decree or order un-stayed and in effect for a period of twenty (20) days; or

g. GAIF's institution of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or its filing of a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other applicable for state law, or its consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee or trustee of the company, or of any substantial part of its property, or its making of an assignment for the benefit of creditors or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by GAIF in furtherance of any such action.

**9. Right and Remedies of NCG.** Upon the occurrence of an event of default by GAIF under this Agreement or at any time before default when NCG reasonably feels insecure then, in addition to all other rights and remedies at law or inequity, NCG may exercise any one or more of the following rights and remedies:

a. Accelerate the time for payment of all amounts payable under this Agreement by written notice thereof to GAIF, whereupon all such amounts shall be immediately due and payable

b. Pursue and enforce all of the rights and remedies provided to a second party with respect to the Collateral under the Uniform Commercial Code.

c. Make such appearance disburse such sums, and take such action as NCG deems necessary, in its sole discretion, to protect NCG's interest, including but not limited to (i) disbursement of attorneys' fees, (ii) entry upon GAIF's property to make repairs to the Collateral, and (iii) procurement of satisfactory insurance. Any amounts disbursed by NCG pursuant to this Section, with interest thereon, shall become additional indebtedness of GAIF secured by this Agreement and shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate stated in this Agreement. Nothing contained in this Section shall require NCG to incur any expense or take any action.

d. Require GAIF to assemble the Collateral and make it available to NCG at the place to be designated by NCG which is reasonably convenient to both parties. NCG may sell all or any part of the Collateral as a whole or in part either by public auction, private sale, or other method of disposition. NCG may bid at any public sale on all or any portion of the Collateral. Unless the Collateral threatens to decline speedily in value, NCG shall give GAIF reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Collateral is to be made, and notice given at least 10 days before the time of the sale or other disposition shall be conclusively presumed to be reasonable.

e. Pursue any other rights or remedies available to NCG at law or in equity.

**10. Interest To Accrue Upon Default.** Upon the occurrence of an event of default by GAIF under this Agreement, the balance then owing under the terms of this Agreement shall accrue interest at the rate of Twelve Percent (12.0%) per month from the date of default until NCG is satisfied in full.

**11. Full Recourse.** The liability of GAIF for the Obligations shall not be limited to the Collateral, and GAIF shall have full liability therefor beyond the Collateral.

**12. Representation of Counsel.** GAIF acknowledges that they have consulted with or have had the opportunity to consult with their legal counsel prior to executing this Agreement. This Agreement has been freely negotiated by GAIF and NCG and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

**13. Choice of Law: Actions.** This Agreement shall be constructed and construed in accordance with the internal substantive laws of the State of Nevada, without regard to the choice of law principles of said State. GAIF acknowledges that this Agreement has been negotiated in Clark County, Nevada. Accordingly, the exclusive venue of any action, suit, counterclaim or cross claim arising under, out of or in connection with this Agreement shall be the state or federal courts in Clark County, Nevada. GAIF hereby consents to the personal jurisdiction of any court of competent subject matter jurisdiction sitting in Clark County, Nevada.

**14. Usury Savings Clause.** GAIF expressly agrees and acknowledges that GAIF and NCG intend and agree that this Agreement shall not be subject to the usury laws of any state other than the State of Nevada. Notwithstanding anything contained in this Agreement to the contrary, if collection from GAIF of interest at the rate set forth herein would be contrary to applicable laws, then the applicable interest rate upon default shall be the highest interest rate that may be collected from GAIF under applicable laws at such time.

**15. Cost of Collection.** Should the indebtedness represented by this Agreement or any part hereof, be collected at law, in equity, or in any bankruptcy, receivership or other court proceeding, or this Agreement be placed in the hands of any attorney for collection after default, GAIF owes to pay, in addition to the principal and interest due hereon all reasonable attorneys' fees, plus all other costs and expenses of collection and enforcement, including any fees incurred in connection with such proceedings or collection under this Agreement and/or enforcement of NCG's rights with respect to the administration supervision, preservation or protection of, or realization upon, any Collateral securing payment hereof.

**16. Miscellaneous.**

a. This Agreement shall be binding upon GAIF and shall inure the benefit of NCG and its successors, assigns, heirs, and legal representatives.

b. Any failure or delay by NCG to insist upon the strict performance of any term condition, covenant or agreement of this Agreement, or to exercise any right, power or remedy hereunder shall not constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy.

c. Any provision of this Agreement that is unenforceable shall be severed from this Agreement to the extent reasonably possible without invalidating or affecting the intent validity or enforceability of any other provision of this Agreement.

d. This Agreement may not be modified or amended in any respect except in a writing executed by the party to be charged.

e. Time is of the essence.

IN WITNESS WHEREOF, this Agreement has been executed effective the date and place first written above.

General Sales and Leasing, Inc.

/s/ Ari Nagler

North Star Capital Group, Inc.

/s/ Authorized Signatory

## **Exhibit "A"**

### **Collateral**

Each and all of the following in which General Sales and Leasing, Inc., a Nevada Corporation, has any right, title, or interest, regardless of the manner in which such items are formally held or titled; all as defined in the Nevada Uniform Commercial Code - Secured Transactions (Nevada Revised Statutes ("NRS") §§ 104.9101 et. seq.) as of the date of the Agreement, and as the same may be amended hereafter:

- (1) Accounts, as defined in NRS 104.9102(1)(a)
- (2) Cash proceeds, as defined in NRS 104.9102(1)(1)
- (3) Chattel paper, as defined in NRS 104.9102(1)(k)
- (4) Commercial tort claims, as defined in NRS 104.9102(1)(m)
- (5) Commodity accounts and commodity contracts, as defined in NRS 104.9102(1)(n) and NRS 104.9102(1)(0), respectively,
- (6) Deposit amounts as defined in NRS 104.9102(1)(cc)
- (7) Documents, as defined in NRS 104.9102(1)(dd)
- (8) Electronic chattel paper, as defined in NRS 1049102(1)(ee)
- ( 9 ) Equipment, as defined in NRS 104.9102(1)(gg),and including, but not limited to. a2002 Robinson R44 Raven II aircraft, Aircraft Registration Number N881KE, Serial Number 10031
- (10) General intangibles, as defined in NRS 104.9102(1)(pp)
- (11) Goods, as defined in NRS 104.9102(1)(rr)
- (12) Instruments, as defined .in NRS 104.9102(1)(uu)
- (13) Inventory.as defined in NRS 104.9102(1)(vv)
- (14) Investment property. as defined in NRS 104.9102(1Xww)
- (15) Letter-of credit right, as defined in NRS 104.9102(1)(yy)
- (16) Noncash proceeds, as defined in NRS 104.9102{1)(fft)
- (17) Payment intangible. as defined in NRS 104.9102(1)(ill)
- (18) Proceeds, as defined in NRS 104.9102(1)(III)
- (19) Promissory notes, as defined in NRS 104.9102(1)(mmm)
- (20) Record, as defined in NRS 104.9102(1)(qqq)
- (21) Software. as defined in NRS 104.9102(www)
- (22) Supporting obligations, as defined in NRS 104.9102(1)(yyy)
- (23) Tangible chattel paper, as defined in NRS 104.910:2(1)(zzz)

( 2 4 ) The following, as defined in NRS 104.9102(2): certificated securities, contracts for sale, leases, lease agreements, lease contracts, leasehold interests, letters of credit, negotiable instruments, notes, proceeds of letters of credit., securities, security certificates, security entitlements 1 and uncertificated securities.

In addition, the Collateral shall include all copyrights, all patents and patent applications (including the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations in-part thereof), all trade names, trademarks and service marks, logos, trademark and service mark registrations (including all renewals of trademark and service mark registrations, and all rights corresponding thereto throughout the world together, in each case, with the goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark. but excluding any such registration that would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Collateral), all inventions, processes, production methods, proprietary information, know-how and trade seems, all licenses or user or other agreements granted to General Sales and Leasing, Inc. with respect to any of the foregoing, in each case whether now or hereafter owned or used (including the licenses or other agreements with respect to any of the foregoing).

