HEARTLAND, INC.
Form 10KSB/A
March 20, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB/A

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED DECEMBER 31, 2005

HEARTLAND, INC.

(Name of small business issuer in its charter)

Maryland	**36-4286069**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

982A Airport Road
Destin, Florida 32541
(Address of principal executive offices) (Zip Code)

850.837.0025

(Issuer s telephone no.)

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, $.001 par value

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 x No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B not contained in this form, and no disclosure will be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10- KSB or any amendment to this Form 10-KSB. x

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

Issuer s revenues for its most recent fiscal year ended December 31, 2005 were: $40,674,679

The aggregate market value of the Registrant s voting common stock held by non-affiliates of the registrant as of March 20, 2007, was approximately: $7,291,636 at $0.29 price per share. Number of shares of the registrant s common stock outstanding as of March 20, 2007 was: 36,321,104.

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HEARTLAND INC.

FORM 10-KSB/A

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PART I

ITEM 1 DESCRIPTION OF BUSINESS

INTRODUCTION

FORWARD-LOOKING STATEMENTS. This annual report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. In addition, the Company (Heartland, Inc., a Maryland corporation), may from time to time make oral forward-looking statements. Actual results are uncertain and may be impacted by many factors. In particular, certain risks and uncertainties that may impact the accuracy of the forward-looking statements with respect to revenues, expenses and operating results include without imitation; cycles of customer orders, general economic and competitive conditions and changing customer trends, technological advances and the number and timing of new product introductions, shipments of products and components from foreign suppliers, and changes in the mix of products ordered by customers. As a result, the actual results may differ materially from those projected in the forward-looking statements.

Because of these and other factors that may affect the Company s operating results, past financial performance should not be considered an indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

(A) THE COMPANY

The Company was incorporated in the State of Maryland on April 6, 1999 as Origin Investment Group, Inc. (Origin). On December 27, 2001, the Company went through a reverse merger with International Wireless, Inc. Thereafter on January 2, 2002, the Company changed its name from Origin to International Wireless, Inc. On November 15, 2003, the Company went through a reverse merger with PMI Wireless, Inc. Thereafter in May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland Inc.

The Company was originally formed as a non-diversified closed-end management investment company, as those terms are used in the Investment Company Act of 1940 (1940 Act). The Company at that time elected to be regulated as a business development company under the 1940 Act. In December 7, 2001 the Company s shareholders voted on withdrawing the Company from being regulated as a business development company and thereby no longer be subject to the 1940 Act.

Unless the context indicates otherwise, the terms Company, Corporate , Heartland, and we refer to Heartland, Inc. and its subsidiaries. Our executive offices are located at 982A Airport Road, Destin, Florida 32541, telephone number (850) 837-0025. Our Internet address is www.heartlandholdingsinc.com for the corporate information. Additionally, the following divisions of the company currently maintain Internet addresses: 1) Evans Columbus, www.evanscolumbusllc.com, 2) Monarch Homes, www.monarchhomesmn.com, 3) Karkela www.karkela.com and 4) Mound Technologies www.moundtechnologies.com. The information contained on our web site(s) or connected to our web site is not incorporated by reference into this Annual Report on Form 10-KSB and should not be considered part of this report.

We classify our operations into four reportable segments: steel fabrication, construction and property management, manufacturing, and agriculture (currently idle but available for future use). A fifth segment called other consists of corporate functions. Sales of our segments accounted for the following approximate percentages of our consolidated sales for fiscal years 2004: Steel Fabrication, 14.78 percent; Construction and Property Management, 69.38 percent; Manufacturing 15.84 percent, Agriculture 0 percent and Other, 0 percent.

We emphasize quality and innovation in our services, products, manufacturing, and marketing. We strive to provide well-built, dependable products supported by our service network. We have committed funding for engineering and research in order to improve existing products and develop new products. Through these efforts, we seek to be responsive to trends that may affect our target markets now and in the future.

(B) BUSINESS DEVELOPMENT

From December 27, 2001 through June 2003, the Company attempted to develop its bar code technology and bring it to market. To that extent, the Company moved its operations to Woburn, Massachusetts, hired numerous computer programmers, developers and sales people in addition to support staff. Due to the Company s inability to raise sufficient capital, the Company was unable to pay current operating expenses and by June, 2003 shut down its operations entirely.

On August 29, 2003, a change in control of the Company occurred in conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities by any means appropriate, including settling any and all liabilities to the U.S. Internal Revenue Service and the Commonwealth of Massachusetts Attorney General s office for unpaid wages.

In conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities, the Company issued First Union Venture Group, LLC, a Nevada Limited Liability Company, Thirty Million (30,000,000) newly issued common shares as consideration for their services. In addition, the Company canceled any and all outstanding options, warrants, and/or debentures not exercised to date. The Company further nullified any and all salaries, bonuses, and benefits including severance pay and accrued salaries to Stanley A. Young and Michael Dewar.

On November 12, 2003, the Company approved the spin-off of the two subsidiaries of the Company and any and all remaining assets of the Company, including any intellectual property, to enable the Company to pursue a suitable merger candidate. In addition, the Company approved a 30 to 1 reverse split of all existing outstanding common shares of the Company. Following the 30 to 1 reverse split, the Company had 1,857,137 shares of common stock outstanding.

On November 15, 2003, a change in control of the Company occurred when the Company went through a reverse merger with PMI Wireless, Inc., a Delaware corporation with corporate headquarters located in Cordova, Tennessee. The acquisition, took place on December 1, 2003 for the aggregate consideration of fifty thousand dollars ($50,000) which was paid to the U.S. Internal Revenue Service for the Company s prior obligations, plus assumption of the Company s existing debts, for 9,938,466 newly issued common shares of the Company. Under the said reverse merger, the former Shareholders of PMI Wireless ended up owning an 84.26% interest in the Company.

On December 10, 2003, the Company entered into an Acquisition Agreement to acquire 100% of Mound Technologies, Inc. (Mound), a Nevada corporation with its corporate headquarters located in Springboro, Ohio. The acquisition was a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mound in exchange for 1,256,000 newly issued shares of its common stock. As a result of this transaction, Mound became a wholly owned subsidiary of the Company.

In May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland, Inc.

On December 27, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Monarch Homes, Inc. (Monarch), a Minnesota corporation with its corporate headquarters located in Ramsey, MN for $5,000,000. The acquisition price was made up of:

* $100,000 at closing,

* a promissory note of $1,900,000 payable on or before February 15, 2005 which, if not paid by that date, interest shall be due from then to actual payment at 8%, simple interest, compounded annually, and
* six hundred sixty-seven thousand (667,000) restricted newly issued shares of the Company s common stock provided at closing.

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On December 30, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Evans Columbus, LLS (Evans), an Ohio corporation with its corporate headquarters located in Blacklick, OH for $3,005,000. The acquisition price was paid as follows:

* $5,000 at closing, and
* 600,000 restricted newly issued shares of the Company s common stock provided at closing.

In the event the common stock of the Company was not trading at a minimum of $5.00 as of December 30, 2005, the Company was required to compensate the original Evans shareholders for the difference in additional stock. The Company has since rescinded this agreement and no longer owns Evans.

On December 31, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Karkela Construction, Inc., a Minnesota corporation with its corporate headquarters located in St. Louis Park, MN for $3,000,000. The acquisition price consisted of the following:

* $100,000 at closing,
* a short term promissory note payable of $50,000 on or before January 31, 2005,

a promissory note of $1,305,000 payable on or before March 31, 2005 which, if not paid by that date, interest is due from December 31, 2004 to actual payment at 8%, simple interest, compounded annually and

* 500,000 restricted newly issued shares of the Company s common stock provided at closing.

In the event the common stock of the Company was not trading at a minimum of $4.00 as of December 31, 2005, the Company was required to compensate the original Karkela shareholders for the difference in additional stock. As a result of the aforementioned, the Company issued the former Karkela shareholders 262,500 shares of common stock on March 20, 2006. Karkela is a wholly owned subsidiary of the Company. To date January 18, 2007, the promissory note has not been paid and interest continues to accrue.

On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Evans Columbus, LLC effective March 31, 2006 and from Monarch Homes, Inc. effective June 1, 2006.

On July 29, 2005, the Company entered into a binding Stock Purchase Agreement with Steven Persinger, an individual, to acquire all the issued and outstanding shares of common stock of Persinger Equipment, Inc., a Minnesota corporation (Persinger) for $4,735,000. The Company has abandoned its plans to acquire Persinger on January 18, 2007.

On September 12, 2005, the Company entered into a binding Agreement for Purchase and Sale of Shares with Calvin E. Bergman, Lynn E. Bergman, Jerry L. Bergman, Barbara A. Vance and Marvin Bergman, individually, to acquire all the issued and outstanding shares of common stock of Ney Oil Company, an Ohio corporation (Ney Oil Company) for $5,000,000. The Company has abandoned its plans to acquire Ney Oil Company on January 18, 2007.

On September 12, 2005, the Company entered into a Letter of Intent with Terry Robbins, President of Ohio Valley Lumber, to acquire all the issued and outstanding shares of common stock of NKR, Inc, d.b.a. Ohio Valley Lumber, a Delaware corporation (NKR) for $8,000,000.00. The Company has abandoned its plans to acquire NKR, Inc. on February 26, 2007.

On September 21, 2005, the Company entered into a binding Acquisition Agreement with Terry L. Lee and Gary D. Lee, individually, to acquire all the issued and outstanding shares of common stock of Lee Oil Company, Inc., a Virginia corporation, Lee Enterprises, Inc., a Kentucky corporation and Lee s Food Marts LLC, a Tennessee Limited Liability Company, (collectively hereinafter "Lee Oil Company") for $6,000,000.00. The Company is currently renegotiating the final terms of the acquisition agreement.

On September 26, 2005, the Company entered into a binding Acquisition Agreement with Robert Daniel, Karol K. Hart-Bendure, M. Lucille Daniel, and Joe M. Daniel, individually, to acquire all the issued and outstanding shares of common stock of Schultz Oil Company, Inc., an Ohio Corporation (Schultz Oil Company) for $3,500,000 consisting of $1,500,000 in cash at closing and 1,000,000 of common stock. In the event the common stock of the Company does not have a value of at least $2.00 as of September 26, 2007, the Company is required to compensate the shareholders for the difference with the issuance of additional shares. The Company abandoned its plans to acquire Schultz Oil Company on January 18, 2007.

Subsequent Events

On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Evans Columbus, LLC effective March 31, 2006 and from Monarch Homes, Inc. effective June 1, 2006.

On January 18, 2007, the Company abandoned its intent to acquire Persinger Equipment, Inc., Ney Oil Company and Schultz Oil Company.

On February 26, 2007 the Company abandoned its intent to acquire NKR, Inc, d.b.a. Ohio Valley Lumber.

(C) BUSINESS

Our mission is to become a leading diversified company with business interests in well established industries. We plan to successfully grow our revenues by acquiring companies with historically profitable results, strong balance sheets, high profit margins, and solid management teams in place. By providing access to financial markets, expanded marketing opportunities and operating expense efficiencies, we hope to become the facilitator for future growth and higher long-term profits. In the process, we hope to develop new synergies among the acquired companies, which should allow for greater cost effectiveness and efficiencies, thus further enhancing each individual company s strengths. To date, we have completed acquisitions in the steel fabrication, residential and commercial construction, and steel drum manufacturing industries. Additionally, we have identified acquisition opportunities in gasoline distribution, lumber manufacturing, and equipment distribution.

We are headquartered in Plymouth, MN and currently trade on the OTC Bulletin Board under the symbol HTLJ.OB. Including the senior management team, we currently employs 101 people.

Currently, we operate two major subsidiaries in the following segments:

Mound Technologies, Inc. of Springboro, OH acquired in December 2003 (Steel Fabrication)

Karkela Construction, Inc. of St. Louis Park, MN, acquired in December of 2004 (Construction and Property Management).

STEEL FABRICATION

Mound Technologies, Inc. (Mound) was incorporated in the state of Nevada in November of 2002, with its corporate offices located in Springboro, Ohio. This business includes a Steel Fabrication (Steel Fabrication), a Property Management Division (Property Management) and a wholly owned subsidiary, Freedom Products of Ohio (Freedom).

The Steel Fabrication Division and Property Management Division are both located in Springboro, Ohio. The Steel Fabrication Division is a full service structural and miscellaneous steel fabricator. It also manufactures steel stairs and railings, both industrial and architectural quality. The present capacity of the facility is approximately 6,000 tons per year of structural and miscellaneous steel. This division had been previously known as Mound Steel Corporation, which was started at the same location in 1964.

The Steel Fabrication Division is focused on the fabrication of metal products. This Division produces structural steel, miscellaneous metals, steel stairs, railings, bar joists, metal decks and the erection thereof. This Division produced gross sales of approximately $7.4 million in 2004. In the steel products segment, steel joists and joist girders, and steel deck are sold to general contractors and fabricators throughout the United States. Substantially all work is to order and no unsold inventories of finished products are maintained. All sales contracts are firm fixed-price contracts and are normally competitively bid against other suppliers. Cold finished steel and steel fasteners are manufactured in standard sizes and inventories are maintained.

This division s customers are typically U.S. based companies that require large structural steel fabrication, with needs such as building additions, new non-residential construction, etc. Customers are typically located within a one-day drive from the Company s facilities. The Company is able to reach 70% of the U.S. population, yielding a significant potential customer base. Marketing of the Division s products is done by advertising in industry directories, word-of-mouth from existing customers, and by the dedicated efforts of in-house sales staff monitoring business developments opportunities within the Company s region. Large clients typically work with the Company on a continual basis for all their fabricated metal needs.

Competition overall in the U.S. steel fabrication industry has been reduced by approximately 50% over the last few years due to economic conditions leading to the lack of sustained work. The number of regional competitors has gone down from ten (10) to three (3) over the past five years. Larger substantial work projects have declined dramatically with the downturn in the economy. Given the geographical operating territory of the Company, foreign competition is not a major factor. In addition to competition, steel pricing represents another significant challenge. The cost of steel, our highest input cost, has seen significant increases in recent years. The Company will manage this challenge by stockpiling the most common steel component products and incorporating price increases in job pricing as deemed appropriate.

Competition and Other Factors

We are subject to a wide variety of federal, state, and international environmental laws, rules, and regulations. These laws, rules, and regulations may affect the way we conduct our operations, and failure to comply with these regulations could lead to fines and other penalties.

Competition within the steel industry, both in the United States and globally, is intense and expected to remain so. Mound competes with large U.S. competitors such as United States Steel Corporation, Nucor Corporation, AK Steel Holding Corporation, Ispat Inland Inc. and IPSCO Inc along with a number of local suppliers. The steel market in the United States is also served by a number of non-U.S. sources and U.S. supply is subject to changes in worldwide demand and currency fluctuations, among other factors.

More than 35 U.S. companies in the steel industry have declared bankruptcy since 1997 and have either ceased production or more often continued to operate after being acquired or reorganized. In addition, many non-U.S. steel producers are owned and subsidized by their governments and their decisions with respect to production and sales may be influenced by political and economic policy considerations rather than by prevailing market conditions. The steel industry is highly cyclical in nature and subject to significant fluctuations in demand as a result of macroeconomic changes in global economies, including those resulting from currency volatility. The global steel industry is also generally characterized by overcapacity, which can result in downward pressure on steel prices and gross margins.

Mound competes with other flat-rolled steel producers (both integrated steel mills and mini-mills) and producers of plastics, aluminum, ceramics, carbon fiber, concrete, glass, plastic and wood that can be used in lieu of flat-rolled steels in manufactured products. Mini-mills generally offer a narrower range of products than integrated steel mills but can have some cost advantages as a result of their different production processes.

Price, quality, delivery and service are the primary competitive factors in all markets that Mound serves and vary in relative importance according to the product category and specific customer.

In some areas of our business, we are primarily an assembler, while in others we serve as a fully integrated manufacturer. We have strategically identified specific core manufacturing competencies for vertical integration and have chosen outside vendors to provide other products and services. We design component parts in cooperation with our vendors, contract with them for the development of tooling, and then enter into agreements with these vendors to purchase component parts manufactured using the tooling. Operations are also designed to be flexible enough

to accommodate product design changes required to respond to market demand.

Raw Materials

Mound s business depends on continued access to reliable supplies of various raw materials. Mound believes there will be adequate sources of its principal raw materials to meet its near term needs, although probably at higher prices than in the past.

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UNFAIR TRADE PRACTICES AND TRADE REMEDIES

Under international agreement and U.S. law, remedies are available to domestic industries where imports are dumped or subsidized and such imports cause material injury to a domestic industry. Dumping involves selling for export a product at a price lower than the same or similar product is sold in the home market of the exporter or where the export prices are lower than a value that typically must be at or above the full cost of production. Subsidies from governments (including, among other things, grants and loans at artificially low interest rates) under certain circumstances are similarly actionable. The remedy available is an antidumping duty order or suspension agreement where injurious dumping is found and a countervailing duty order or suspension agreement where injurious subsidization is found. When dumping or subsidies continue after the issuance of an order, a duty equal to the amount of dumping or subsidization is imposed on the importer of the product. Such orders and suspension agreements do not prevent the importation of product, but rather require either that the product be priced at an un-dumped level or without the benefit of subsidies or that the importer pay the difference between such undumped or unsubsidized price and the actual price to the U.S. government as a duty.

SECTION 201 TARIFFS

On March 20, 2002, in response to an investigation initiated by the office of the President of the United States under Section 201 of the Trade Act of 1974, the President of the United States imposed a remedy to address the serious injury to the domestic steel industry that was found. The remedy was an additional tariff on specific products up to 30% (as low as 9%) in the first year and subject to reductions each year. The remedy provided was potentially for three years and a day, subject to an interim review after 18 months as to continued need. On December 4, 2003 by Proclamation 7741, the President of the United States terminated the import relief provided under this law pursuant to Section 204(b) (1) (A) of the Trade Act of 1974 on the basis that the effectiveness of the action taken under Section 203 has been impaired by changed economic circumstances based upon a report from the U.S. International Trade Commission and the advice from the Secretary of Commerce and the Secretary of Labor. Thus, no relief under this law was provided to domestic producers during 2004.

ENVIRONMENTAL MATTERS

Mound s operations are subject to a broad range of laws and regulations relating to the protection of human health and the environment. Mound expects to expend in the future, substantial amounts to achieve or maintain ongoing compliance with U.S. federal, state, and local laws and regulations, including the Resource Conservation and Recovery Act (RCRA), the Clean Air Act, and the Clean Water Act. These environmental expenditures are not projected to have a material adverse effect on Mound s financial position or on Mound s competitive position with respect to other similarly situated U.S. steelmakers subject to the same environmental requirements.

CONSTRUCTION

a) **Karkala Construction, Inc.**

Karkela Construction, Inc. (Karkela) was acquired in December 2004 and is located in St. Louis Park, MN. Karkela was acquired in December 2004 and is a general contractor in the greater St. Paul and Minneapolis, Minnesota area specializing in commercial, industrial, hospitality or multi-family space. More specifically, Karkela is a designer and builder of custom office buildings for medical, financial and other service type businesses. Karkela was originally founded in 1983 and incorporated in 1990. During fiscal year 2005, Karkela had revenues of approximately $8.6 million. It is the intent of Heartland to expand that territory to include those geographies where the company can benefit from its reputation.

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Competition and Other Factors

The conventional construction industry is essentially a local business and is highly competitive. Karkela competes in a market with numerous other homebuilders and general construction companies, including national, regional and local builders. The industries top six competitors based on revenues for their most recent fiscal year-end are as follows: Beazer Homes USA, Inc., D. R. Horton, Inc., KB Homes, Lennar Corporation, Pulte Homes, Inc. and The Ryland Group, Inc. The main competitive factors affecting Karkela s operations are location, price, availability of mortgage financing for customers, construction costs, design and quality of homes, customer service, marketing expertise, availability of land, price of land and reputation. We believe that Karkela compete effectively by building high quality units, maintaining geographic diversity, responding to the specific demands of each market and managing the operations at a local level.

The construction industry is affected by changes in national and local economic conditions, job growth, long-term and short-term interest rates, consumer confidence, governmental policies, zoning restrictions and, to a lesser extent, changes in property taxes, energy costs, federal income tax laws, federal mortgage financing programs and various demographic factors. The political and economic environments affect both the demand for construction and the subsequent cost of financing. Unexpected climatic conditions, such as unusually heavy or prolonged rain or snow, may affect operations in certain areas.

The construction industry is subject to extensive regulations. The Company and its subcontractors must comply with various federal, state and local laws and regulations, including worker health and safety, zoning, building standards, erosion and storm water pollution control, advertising, consumer credit rules and regulations, and the extensive and changing federal, state and local laws, regulations and ordinances governing the protection of the environment, including the protection of endangered species. The Company is also subject to other rules and regulations in connection with its manufacturing and sales activities, including requirements as to incorporate building materials and building designs. All of these regulatory requirements are applicable to all construction companies, and, to date, compliance with these requirements has not had a material impact on the operation. We believe that the Company is in material compliance with these requirements.

We purchase materials, services and land from numerous sources (primarily local vendors), and believe that we can deal effectively with the challenges we may experience relating to the supply or availability of materials, services and land.

GENERAL

The Company s mission is to become a leading diversified company with business interests in well established industries.

In addition to the risks identified above the Company also faces risks of its own. The Company is reliant upon identifying, contracting and financing each acquisition it identifies. Since the Company is in its early stages, it may not be able to obtain the necessary funding to continue its growth plan. Additionally, the potential synergies identified with each of the acquisitions may not materialize to the extend, if at all, as initially identified.

Employees

As of March 20, 2007, we employed 68 employees. From time to time, we also retain consultants, independent contractors, and temporary and part-time workers.

We believe our relationship with our current employees is good. Our employees are not represented by a labor union. Our success is dependent, in part, upon our ability to attract and retain qualified management technical personnel and subcontractors. Competition for these personnel is intense, and we will be adversely affected if we are unable to attract key employees. We presently do not have a stock option plan for key employees and consultants.

Customers

Overall, our management believes that long-term we are not dependent on a single customer for any of the segments results. While the loss of any substantial customer could have a material short-term impact on a segment, we believe that our diverse distribution channels and customer base should reduce the long-term impact of any such loss.

ITEM 2 DESCRIPTION OF PROPERTY

The following properties are used in the operation of our business:

Our principal executive and administrative offices are located at 25 Mound Park Drive South, Springboro, Ohio 45066. Our phone number is (763) 557.2900. We lease approximately 39,000 square feet on a month to month lease for $8,500 per month from a major shareholder of our company. The facilities include 34,000 square feet which is used for manufacturing and 5,000 square feet for office space. The space is used by Mound as well.

This space is not sufficient for us as we add employees to the corporate staff. In light of this the corporation will evaluate its office needs and determine the best option as we continue to grow.

In Springboro, Ohio we lease approximately 39,000 square feet on a month to month lease for $8,500 per month from a major shareholder of our company. The facilities include 34,000 square feet which is used for manufacturing and 5,000 square feet for office space. The space is used by Mound.

In St. Louis Park, Minnesota we lease approximately 6,975 square feet on a 63 month lease beginning January 1, 2005. The facilities are used as offices for our Karkela employees. The lessor is Larry Karkela, the President of the Karkela subsidiary. The lease required an initial security deposit of $5,356. We pay our proportionate share of utilities and real estate tax based upon our percentage of occupancy which is 60.1%. The lease requires payments of:

Months	Monthly Payment
1-12	$ 3,272
13-24	$ 3,403
25-36	$ 3,573
37-48	$ 3,752
49-60	$ 3,938
61-63	$ 4,136

ITEM 3 LEGAL PROCEEDINGS

In the normal course of our business, we and/or our subsidiaries are named as defendants in suits filed in various state and federal courts. We believe that none of the litigation matters in which we, or any of our subsidiaries, are involved would have a material adverse effect on our consolidated financial condition or operations.

There is no past, pending or, to our knowledge, threatened litigation or administrative action which has or is expected by our management to have a material effect upon our business, financial condition or operations, including any litigation or action involving our officers, directors, or other key personnel.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been quoted on the OTC Bulletin Board since August 2002. Our symbol is "HTLJ". For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	HIGH	LOW
FISCAL YEAR ENDED DECEMBER 31, 2006		
First Quarter	0.82	0.33
Second Quarter	0.50	0.50
Third Quarter	0.25	0.25
Fourth Quarter	0.40	0.40
FISCAL YEAR ENDED DECEMBER 31, 2005		
First Quarter	1.00	0.30
Second Quarter	0.90	0.90
Third Quarter	0.65	0.65
Fourth Quarter	1.60	1.60
FISCAL YEAR ENDED DECEMBER 31, 2004		
First Quarter	1.00	0.70
Second Quarter	1.00	0.70
Third Quarter	1.00	0.70
Fourth Quarter	1.60	1.60

As of March 20, 2007, there were 36,321,104 shares of common stock outstanding.

As of March 20, 2007, there were approximately 759 stockholders of record of our common stock. This does not reflect those shares held beneficially or those shares held in "street" name.

We did not pay cash dividends in the past, nor do we expect to pay cash dividends for the foreseeable future. We anticipate that earnings, if any, will be retained for the development of our business.

Preferred Stock

The Company has 5,000,000 of preferred stock authorized with a par value of $.001. None of these securities are issue or outstanding.

Transfer Agent

The Company s transfer agent and registrar of the common stock is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034

Warrants

The Company has no Warrants outstanding as of this date.

Options

The Company has no Stock Option Plan as of this date.

Penny Stock Considerations

Because our shares trade at less than $5.00 per share, they are penny stocks as that term is generally defined in the Securities Exchange Act of 1934 to mean equity securities with a price of less than $5.00. Our shares thus will be subject to rules that impose sales practice and disclosure requirements on broker-dealers who engage in certain transactions involving a penny stock.

Under the penny stock regulations, a broker-dealer selling a penny stock to anyone other than an established customer or accredited investor must make a special suitability determination regarding the purchaser and must receive the purchaser s written consent to the transaction prior to the sale, unless the broker-dealer is otherwise exempt. Generally, an individual with a net worth in excess of $1,000,000 or annual income exceeding $100,000 individually or $300,000 together with his or her spouse is considered an accredited investor. In addition, under the penny stock regulations the broker-dealer is required to:

* Deliver, prior to any transaction involving a penny stock, a disclosure schedule prepared by the Securities and Exchange Commissions relating to the penny stock market, unless the broker-dealer or the transaction is otherwise exempt;

* Disclose commissions payable to the broker-dealer and our registered representatives and current bid and offer quotations for the securities;

* Send monthly statements disclosing recent price information pertaining to the penny stock held in a customer s account, the account s value and information regarding the limited market in penny stocks; and

* Make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser s written agreement to the transaction, prior to conducting any penny stock transaction in the customer s account.

Because of these regulations, broker-dealers may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling shareholders or other holders to sell their shares in the secondary market and have the effect of reducing the level of trading activity in the secondary market. These additional sales practice and disclosure requirements could impede the sale of our securities, if our securities become publicly traded. In addition, the liquidity for our securities may be decreased, with a corresponding decrease in the price of our securities. Our shares in all probability will be subject to such penny stock rules and our shareholders will, in all likelihood, find it difficult to sell their securities.

Dividends

We do not anticipate paying dividends in the foreseeable future. We plan to retain any future earnings for use in our business. Any decisions as to future payments of dividends will depend on our earnings and financial position and such other facts as the Board of Directors deems relevant.

Recent Sales of Unregistered Securities

The following is information for all securities that the Company sold during the fiscal year ended December 31, 2005.

On January 10, 2005, the Company granted 1,500,000 shares to Trent Sommerville, its Chief Executive Officer.

On April 12, 2005 the company issued 300,000 shares to Jeffrey Brandeis, its former president, as a complete settlement of an employment contract dispute.

On April 29, 2005 the company issued 7,500 shares to Gerald Aaron for consulting fees.

On April 29, 2005 the company issued 200,000 shares to Ross Haugen for consulting fees.

On April 29, 2005 the company sold 150,000 shares to an investor in a private placement.

On April 29, 2005 the company sold 25,000 shares to an investor in a private placement.

On April 29, 2005 the company issued 100,000 shares to International Monetary Resources for consulting fees.

On May 25, 2005 the company issued 15,000 shares to Smallcapinvoice.com for consulting fees.

On May 27, 2005 the company issued 216,670 shares to John E. Gracik for consulting fees.

On May 27, 2005 the company issued 9,600 shares to Steven Gracik for consulting fees.

On May 27, 2005 the company issued 15,000 shares to Nicholas T. Pappas for consulting fees.

On May 27, 2005 the company issued 20,000 shares to David Yeomans for consulting fees.

On May 31, 2005 the company issued 60,000 shares to investors for conversion of promissory notes.

On June 6, 2005 the company issued 60,000 shares to First Equity Group, Inc. for consulting fees.

On June 14, 2005 the company sold 25,000 shares to an investor in a private placement.

On June 30, 2005 the company issued 27,500 shares to John E. Gracik for consulting fees.

On July 14, 2005 the company issued 75,000 shares to Graham Paxton in settlement of a judgment.

On July 18, 2005 the company issued 100,000 shares to Steve Persinger as a deposit on the acquisition of Persinger Equipment, Inc.

On August 19, 2005 the company issued 22,000 shares to John Gracik for consulting fees.

On August 31, 2005 the company issued 154,564 shares to Barbara Young, Young Technology Fund I and Young Technology Fund II in settlement of a dispute.

On September 23, 2005 the company issued 180,000 shares to Ross Haugen for consulting fees.

On September 27, 2005 the company issued 10,000 shares to Dolores Dear for consulting fees.

During the Quarter ending March 31, 2005, the Company entered into several convertible note payable agreements. The notes bear interest at the rate of 10% per year and are due and payable one year from the date executed at which time the notes, at the option of the note holder, can be converted into 573,200 shares of common stock of which 561,300 will be converted at $1.00 per share and 11,900 will be converted at $0.50 per share.

During the months of April and May, 2005, the company entered into several convertible note payable agreements for a total value of $44,726. The notes bear interest at 10% per year and are due one year from the date executed, at which time the notes, at the option of the note holder, can be converted into 44,726 restricted newly issued shares of common stock converted at $1.00 per share.

On September 25, 2006 the company issued 1,290,519 shares to Entrust CAMA for the benefit of 46 pension trust accounts of various shareholders for converting outstanding notes plus interest at $0.50 per share.

In October 2006 the company issued 910,000 shares to 8 individuals in a private placement.

On October 16, 2006 the company issued a total of 4,688,074 new shares, 100,000 shares to Thomas G. Siefert for consulting fees, 250,000 shares to John Zavarol for consulting fees, 22,422 shares to Nancy Howard for consulting services, 40,000 shares to Arnold Rettig for consulting services, 200,000 shares to Trent Sommerville as executive compensation, 1,000,000 shares to Robert L. Cox as executive compensation which share were placed on stop trading notice with the transfer agent on March 13, 2007 for cause, 200,000 shares to Jerry Gruenbaum as executive compensation and 2,622,117 shares to 83 individuals for converting outstanding notes plus interest at $0.50 per share.

In November 2006 the company issued 1,430,000 shares to 8 individuals in a private placement.

On December 28, 2006 the company issued a total of 120,000 new shares to three employees of Mound Technologies, Inc., the company s subsidiary, 40,000 each to John Barger, Shelia Campbell and Darrel Bandy.

In January 2007 the company issued 145,000 shares to 4 individuals in a private placement.

In February 2007 the company issued 1,348,636 shares to 12 individuals in a private placement and issued 200,000 shares to BullMarketMadness.com; 40,000 to the law firm of Sichenzia Ross Friedman Ference LLP; and 40,000 shares to smallcapvoice.com for services rendered to the company; and issued 250,000 shares to board member Trent Sommerville; 200,000 shares to board member Jerry Gruenbaum and 200,000 shares to board member Kenneth B. Farris as compensation.

We relied upon Section 4(2) of the Securities Act of 1933, as amended for the above issuances. We believed that Section 4(2) was available because:

* None of these issuances involved underwriters, underwriting discounts or commissions;
* We placed restrictive legends on all certificates issued;

* No sales were made by general solicitation or advertising;
* Sales were made only to accredited investors or investors who were sophisticated enough to evaluate the risks of the investment.

In connection with the above transactions, although some of the investors may have also been accredited, we provided the following to all investors:

* Access to all our books and records.
* Access to all material contracts and documents relating to our operations.
* The opportunity to obtain any additional information, to the extent we possessed such information, necessary to verify the accuracy of the information to which the investors were given access.

ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Overview

The following discussion should be read in conjunction with the financial statements for the period ended December 31, 2005 included with this Form 10-KSB.

The following discussion and analysis provides certain information, which the Company s management believes is relevant to an assessment and understanding of the Company s results of operations and financial condition for the year ended December 31, 2005. This discussion and analysis should be read in conjunction with the Company s financial statements and related footnotes.

The statements contained in this section that are not historical facts are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as believes, expects, may, will, should or anticipates or the negative thereof or o variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. From time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in our various filings with the SEC, or press releases or oral statements made by or with the approval of our authorized executive officers.

These forward-looking statements, such as statements regarding anticipated future revenues, capital expenditures and other statements regarding matters that are not historical facts, involve predictions. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. We do not undertake any obligation to publicly release any revisions to these forward-looking statements or to reflect the occurrence of unanticipated events. Many important factors affect our ability to achieve its objectives, including, among other things, technological and other developments in the Internet field, intense and evolving competition, the lack of an established trading market for our shares, and our ability to obtain additional financing, as well as other risks detailed from time to time in our public disclosure filings with the SEC.

The Company was incorporated in the State of Maryland on April 6, 1999 as Origin Investment Group, Inc. (Origin). On December 27, 2001, the Company went through a reverse merger with International Wireless, Inc. Thereafter on January 2, 2002, the Company changed its name from Origin to International Wireless, Inc. On November 15, 2003, the Company went through a reverse merger with PMI Wireless, Inc. Thereafter in May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland Inc.

The Company was originally formed as a non-diversified closed-end management investment company, as those terms are used in the Investment Company Act of 1940 (1940 Act). The Company at that time elected to be regulated as a business development company under the 1940 Act. In December 7, 2001 the Company s shareholders voted on withdrawing the Company from being regulated as a business development company and thereby no longer be subject to the 1940 Act.

The Company s original investment strategy when it was regulated as a business development company under the 1940 Act was to invest in a diverse portfolio of private companies that could be used to build an Internet infrastructure by offering hardware, software and/or services which enhance the use of the Internet. Prior to it s reverse merger with International Wireless, the Company identified two eligible portfolio companies within which they entered into agreements to acquire interests within such companies and to further invest capital in these companies to further develop their business. However, on each occasion and prior to each closing, the Company was either unable to raise sufficient capital to consummate the transaction or discovered information which modified its understanding of the eligible portfolio company s financial status to such an extent where it was unadvisable for it to continue and consummate the transaction.

From December 27, 2001 through June 2003, the Company attempted to develop its bar code technology and bring it to market. To that extent, the Company moved its operations to Woburn, Massachusetts, hired numerous computer programmers, developers and sales people in addition to support staff. Due to the Company s inability to raise sufficient capital, the Company was unable to pay current operating expenses and by June, 2003 shut down its operations entirely.

On August 29, 2003, a change in control of the Company occurred in conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities by any means appropriate, including settling any and all liabilities to the U.S. Internal Revenue Service and the Commonwealth of Massachusetts Attorney General s office for unpaid wages.

In conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities, the Company issued First Union Venture Group, LLC, a Nevada Limited Liability Company, Thirty Million (30,000,000) newly issued common shares as consideration for their services. In addition, the Company canceled any and all outstanding options, warrants, and/or debentures not exercised to date. The Company further nullified any and all salaries, bonuses, and benefits including severance pay and accrued salaries to Stanley A. Young and Michael Dewar.

On November 12, 2003, the Company approved the spin-off of the two subsidiaries of the Company and any and all remaining assets of the Company, including any intellectual property, to enable the Company to pursue a suitable merger candidate. In addition, the Company approved a 30 to 1 reverse split of all existing outstanding common shares of the Company. Following the 30 to 1 reverse split, the Company had 1,857,137 shares of common stock outstanding.

On November 15, 2003, a change in control of the Company occurred when the Company went through a reverse merger with PMI Wireless, Inc., a Delaware corporation with corporate headquarters located in Cordova, Tennessee. The acquisition, took place on December 1, 2003 for the aggregate consideration of fifty thousand dollars ($50,000) which was paid to the U.S. Internal Revenue Service for the Company s prior obligations, plus assumption of the Company s existing debts, for 9,938,466 newly issued common shares of the Company. Under the said reverse merger, the former Shareholders of PMI Wireless ended up owning an 84.26% interest in the Company.

On December 10, 2003, the Company entered into an Acquisition Agreement to acquire 100% of Mound Technologies, Inc. (Mound), a Nevada corporation with its corporate headquarters located in Springboro, Ohio. The acquisition was a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mound in exchange for 1,256,000 newly issued shares of its common stock. As a result of this transaction, Mound became a wholly owned subsidiary of the Company.

In May 2004, the Company changed its name from International Wireless, Inc. to our current name, Heartland, Inc.

On December 27, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Monarch Homes, Inc. (Monarch), a Minnesota corporation with its corporate headquarters located in Ramsey, MN for $5,000,000. On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Monarch Homes, Inc. effective June 1, 2006.

On December 30, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Evans Columbus, LLS (Evans), an Ohio corporation with its corporate headquarters located in Blacklick, OH for $3,005,000. On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Evans Columbus, LLC effective March 31, 2006.

On December 31, 2004, the Company entered into an Acquisition Agreement to acquire 100% of Karkela Construction, Inc., a Minnesota corporation with its corporate headquarters located in St. Louis Park, MN for $3,000,000. The acquisition price consisted of the following:

* $100,000 at closing,
* a short term promissory note payable of $50,000 on or before January 31, 2005,
* a promissory note of $1,305,000 payable on or before March 31, 2005 which, if not paid by that date, interest is due from December 31, 2004 to actual payment at 8%, simple interest, compounded annually and
* 500,000 restricted newly issued shares of the Company s common stock provided at closing.

In the event the common stock of the Company is not trading at a minimum of $4.00 as of December 31, 2005, the Company was required to compensate the original Karkela shareholders for the difference in additional stock. As a result of the aforementioned, the Company issued the former Karkela shareholders 262,500 shares of common stock on March 20, 2006. Karkela is a wholly owned subsidiary of the Company. To date January 18, 2007, the promissory note has not been paid and interest continues to accrue.

On July 29, 2005, the Company entered into a binding Stock Purchase Agreement with Steven Persinger, an individual, to acquire all the issued and outstanding shares of common stock of Persinger Equipment, Inc., a Minnesota corporation (Persinger) for $4,735,000. On January 18, 2007 the Company abandoned its plans to acquire Persinger.

On September 12, 2005, the Company entered into a binding Agreement for Purchase and Sale of Shares with Calvin E. Bergman, Lynn E. Bergman, Jerry L. Bergman, Barbara A. Vance and Marvin Bergman, individually, to acquire all the issued and outstanding shares of common stock of Ney Oil Company, an Ohio corporation (Ney Oil Company) for $5,000,000. On January 18, 2007 the Company abandoned its plans to acquire Ney Oil Company.

On September 12, 2005, the Company entered into a Letter of Intent with Terry Robbins, President of Ohio Valley Lumber, to acquire all the issued and outstanding shares of common stock of NKR, Inc, d.b.a. Ohio Valley Lumber, a Delaware corporation (NKR) for $8,000,000.00. The Company has abandoned its plans to acquire NKR, Inc. on February 26, 2007.

On September 21, 2005, the Company entered into a binding Acquisition Agreement with Terry L. Lee and Gary D. Lee, individually, to acquire all the issued and outstanding shares of common stock of Lee Oil Company, Inc., a Virginia corporation, Lee Enterprises, Inc., a Kentucky corporation and Lee s Food Marts LLC, a Tennessee Limited Liability Company, (collectively hereinafter "Lee Oil Company") for $6,000,000.00. The Company is currently renegotiating the final terms of the acquisition agreement.

On September 26, 2005, the Company entered into a binding Acquisition Agreement with Robert Daniel, Karol K. Hart-Bendure, M. Lucille Daniel, and Joe M. Daniel, individually, to acquire all the issued and outstanding shares of common stock of Schultz Oil Company, Inc., an Ohio Corporation (Schultz Oil Company) for $3,500,000 consisting of $1,500,000 in cash at closing and 1,000,000 of common stock. On January 18, 2007 the Company abandoned its plans to acquire Schultz Oil Company.

Subsequent Events

On June 21, 2006, the Company agreed to accept rescissions of the December, 2004 acquisition agreements from Evans Columbus, LLC effective March 31, 2006 and from Monarch Homes, Inc. effective June 1, 2006.

On January 18, 2007, the Company abandoned its intent to acquire Persinger Equipment, Inc., Ney Oil Company and Schultz Oil Company.

On February 26, 2007 the Company abandoned its intent to acquire NKR, Inc, d.b.a. Ohio Valley Lumber.

RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004

OVERVIEW

Heartland, Inc. is an operating conglomerate with operations in steel fabrication, manufacturing, and construction. Total restated consolidated revenues for the year ended December 31, 2005 was $40,674,679 versus $7,389,064 for the year ended December 31, 2004. The Company incurred operating expenses of $53,771,778 for the year ended December 31, 2005 and $8,299,416 for the year ended December 31, 2004.

In fiscal year ended December 31, 2005 the company incurred a net loss of ($13,535,089) or a loss of $0.64 per share compared to a net loss of $ (764,878) or a loss of $(0.06) per share in fiscal year ended December 31, 2004. The primary factor contributing to the net earnings decrease were from a $7,719,000 adjustments made to the value of securities issued in connection with 2004 acquisitions.

	12-31-2005 Restated	12-31-2004
Net sales	$ 40,674,679	$ 7,389,064
Cost and expenses		
Cost of good sold	35,893,392	6,493,641
Selling, general and administrative expense	9,392,428	1,747,439
Adjustment of value of securities issued in connection with 2004 acquisitions	7,719,000	
Loss on impairment of other intangible assets	500,987	
Depreciation and amortization	265,971	58,336
Total Costs and Expenses	53,771,778	8,299,416
Net Operating Loss	(13,097,099)	(910,352)
Net Other Income (Expenses)	(661,062)	145,474
Loss Before Income Taxes	(13,758,161)	(764,878)
Federal and State Income Tax Benefit	223,072	---
Net Loss	$ (13,535,089)	$ (764,878)

SALES

Sales increased in fiscal year ended December 31, 2005 by 550% to $40,674,679 from $7,389,064 in fiscal year ended December 31, 2004 due to the acquisitions in late December 2004 of Evans Columbus, Karkela Construction and Monarch Homes.

INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM

Pre-tax loss was ($13,535,089) in fiscal year ended December 31, 2005 and ($764,878) in fiscal year ended December 31, 2004, reflecting the acquisitions of Evans Columbus, Karkela Construction and Monarch Homes which occurred in the final month of fiscal year ended December 31, 2004 and the $7,719,000 adjustment made to the value of securities issued in connection with the 2004 acquisitions..

INTEREST EXPENSE

Interest expense was $796,825 during the fiscal year ended December 31, 2005 as compared to $61,214 in fiscal year ended December 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

As presented in the Consolidated Statement of Cash Flows, net cash used in operating activities was $3,023,072 in fiscal 2005. The significant changes in working capital were a $7,719,000 adjustment to the value of securities issued in connection with 2004 acquisitions, a, $1,652,985 stock based compensation, a $1,315,787 increase in inventory, and a $1,951,560 increase in accounts payable. Working capital requirements are not anticipated to increase substantially in fiscal 2006.

The level of capital expenditures is expected to increase moderately in fiscal 2006, and the source of funds for such expenditures is expected to be cash from operations.

At December 31, 2005 the Company s total debt was $25,743,379 as compared to $15,903,722 at December 31, 2004. The Company believes that its funding sources are adequate for its anticipated requirements.

Shareholders equity was ($3,827,206) at December 31, 2005 compared to $6,809,901 at December 31, 2004. The decrease is due to increase in net loss.

Our businesses are seasonally working capital intensive and require funding for purchases of raw materials used in production, replacement parts inventory, capital expenditures, expansion and upgrading of existing facilities, as well as for financing receivables from customers. We believe that cash generated from operations, together with our bank credit lines, and cash on hand, will provide us with a majority of our liquidity to meet our operating requirements. We believe that the combination of funds available through future anticipated financing arrangements, as discussed below, coupled with forecasted cash flows, will be sufficient to provide the necessary capital resources for our anticipated working capital, capital expenditures, and debt repayments for at least the next twelve months.

We are seeking to raise up to $2 million of additional capital from private investors and institutional money managers in the next few months, but there can be no assurance that we will be successful in doing so. If we are not successful in raising any of this additional capital, our current cash resources may not sufficient to fund our current operations.

We may experience problems, delays, expenses, and difficulties sometimes encountered by an enterprise in our stage of development, many of which are beyond our control. For potential acquisitions, these include, but are not limited to, unanticipated problems relating to the identifying partner(s), obtaining financing, culminating the identified partner due to a number of possibilities (prices, dates, terms, etc). Due to limited experience in operating the combined entities for the Company, we may experience production and marketing problems, incur additional costs and expenses that may exceed current estimates, and competition.

Our businesses are seasonally working capital intensive and require funding for purchases of raw materials used in production, replacement parts inventory, capital expenditures, expansion and upgrading of existing facilities, as well as for financing receivables from customers. During the year ended December 31, 2004, the Company has not engaged in:

* Material off-balance sheet activities, including the use of structured finance or special purpose entities;

  * Trading activities in non-exchange traded contracts; or
  * Transactions with persons or entities that benefit from their non-independent relationship with the Company.

Inflation

We are subject to the effects of inflation and changing prices. As previously mentioned, we experienced rising prices for steel and other commodities during fiscal 2005 that had a negative impact on our gross margins and net earnings. In fiscal 2006, we expect average prices of steel and other commodities to be higher than the average prices paid in fiscal 2005. We will attempt to mitigate the impact of these anticipated increases in steel and other commodity prices and other inflationary pressures by actively pursuing internal cost reduction efforts and introducing price increases.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, we must make decisions that impact the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

Our significant accounting policies are described in Note A to the consolidated financial statements. Some of those significant accounting policies require us to make difficult subjective or complex judgments or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (ii) different estimates that reasonably could have been used, or changes in the estimate that are reasonably likely to occur from period to period, would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Accounts Receivable Valuation. We value accounts receivable, net of an allowance for doubtful accounts. Each quarter, we estimate our ability to collect outstanding receivables that provides a basis for an allowance estimate for doubtful accounts. In doing so, we evaluate the age of our receivables, past collection history, current financial conditions of key customers, and economic conditions. Based on this evaluation, we establish a reserve for specific accounts receivable that we believe are uncollectible, as well as an estimate of uncollectible receivables not specifically known. A deterioration in the financial condition of any key customer or a significant slow down in the economy could have a material negative impact on our ability to collect a portion or all of the accounts and notes receivable. We believe that an analysis of historical trends and our current knowledge of potential collection problems provide us with sufficient information to establish a reasonable estimate for an allowance for doubtful accounts. However, since we cannot predict with certainty future changes in the financial stability of our customers, our actual future losses from uncollectible accounts may differ from our estimates. In the event we determined that a smaller or larger uncollectible accounts reserve is appropriate we would record a credit or charge to selling, general, and administrative expense in the period that we made such a determination.

ITEM 7. FINANCIAL STATEMENTS (RESTATED)

HEARTLAND, INC. AND SUBSIDIARIES

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2005 (RESTATED) and 2004

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MEYLER & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

ONE ARIN PARK

1715 HIGHWAY 35

MIDDLETOWN, NJ 07748

Report of Independent Registered Public Accounting Firm

To the Board of Directors

Heartland, Inc.

Plymouth, MN

We have audited the accompanying consolidated balance sheets of Heartland, Inc. and subsidiaries as of December 31, 2005 (restated) and 2004 and the related consolidated statements of operations, stockholders equity (deficit) and cash flows (2005 restated) for each of the two years in the period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 December 31, 2005 (restated) and 2004, and the results of its operations and its cash flows (2005 restated) for each of the two years in the period ended December 31, 2005 (2005 restated) in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A to the consolidated financial statements, the Company has negative working capital of $4,615,799, an accumulated deficit of $19,904,853, and there are existing uncertain conditions which the Company faces relative to its obtaining capital in the equity markets. These conditions raise substantial doubt about its ability to continue as a going concern. Management s plans regarding those matters also are described in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

See also Note S as to Restatements of Financial Statements of amounts previously reported.

/s/ Meyler & Company, LLC

Middletown, NJ

May 19, 2006

(Except as to Notes C, F,G, I, J, L, M, O, P, Q, R,

S(2), S(3), T(2) and U as to which the date is

July 25, 2006 and Notes A (Going Concern), P

And V, and Notes D, I and M (for Mundus) for which

the date is January 8, 2007 and Notes T(3) and T(4)

for which the date is February 26, 2007)

HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2005 (Restated)	2004
CURRENT ASSETS		
Cash	$678,604	$603,451
Accounts receivable net of allowance for doubtful accounts of $219,663 and $684,829, respectively	4,070,243	3,450,970
Costs in excess of billings on uncompleted contracts	332,396	187,621
Inventory	10,291,051	4,508,212
Prepaid expenses and other	201,882	112,207
Total Current Assets	15,574,176	8,862,461
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of $923,361 and $821,306, respectively	3,383,552	5,403,107
OTHER ASSETS		
Advances to related party		202,965
Goodwill	1,429,787	7,217,268
Other intangible assets	774,774	520,000
Investment in joint ventures	401,654	424,417
Acquisition deposits	50,000	
Land Deposits	221,800	
Other Assets	80,430	85,405
	2,958,445	8,450,055
Total Assets	$21,916,173	$22,715,623

See accompanying notes to financial statements.

HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)

	December 31, 2005 (Restated)	2004
CURRENT LIABILITIES		
Bank lines of credit	$ 1,351,423	$ 810,989
Notes payable - land purchases	5,740,160	1,965,698
Convertible promissory notes payable	2,274,000	1,322,050
Current portion of notes payable	148,247	122,137
Current portion of capitalized lease obligations	121,934	115,423
Current portion of notes payable to related parties	66,787	
Accounts payable	4,763,725	2,908,555
Acquisition notes payable to related parties	3,250,000	3,300,000
Obligations to related parties	20,000	670,907
Accrued interest	669,342	18,886
Accrued payroll taxes	602,201	693,630
Accrued expenses	483,512	572,248
Billings in excess of costs on uncompleted contracts	521,952	153,379
Customer deposits	12,770	21,068
Deferred income taxes	163,922	371,877
Total Current Liabilities	20,189,975	13,046,847
LONG-TERM OBLIGATIONS		
Notes payable, less current portion	2,035,076	2,136,478
Capitalized lease obligations, less current portion	148,072	269,100
Notes payable to related parties, less current portion	545,158	
Notes payable to an individual		150,000
Non-controlling interest of variable interest entities	2,825,098	267,171
Deferred income taxes		36,126
Total Long Term Liabilities	5,553,404	2,858,875
STOCKHOLDERS EQUITY (DEFICIT)		
Preferred stock $0.001 par value 5,000,000 shares authorized, none issued and outstanding		
Common stock, $0.001 par value 100,000,000 shares authorized; issued and outstanding 23,746,024 and 18,244,801 shares at December 31, 2005 and 2004, respectively	23,746	18,244
Additional paid-in capital	16,053,901	13,161,421
Accumulated deficit	(19,904,853)	(6,369,764)
Total Stockholders Equity (Deficit)	(3,827,206)	(6,809,901)
Total Liabilities and Stockholders Equity (Deficit)	$ 21,916,173	$ 22,715,623

See accompanying notes to financial statements.

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HEARTLAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Year Ended December 31,	
2005	**2004**