

Kading Companies, SA
31 August 2006
Un-audited & Internally Generated Balance Sheet and Income Statement

ASSETS	
Current Assets	
Checking Bank of Millbrook	5,208.06
Checking Morgan Stanley	3,061.40
Other Current Assets	1,606.81
	<hr/>
Total Current Assets	9,876.27
Property and Equipment	
Furniture and Fixtures	16,177.78
Equipment	32,366.42
Accumulated Depreciation - Furniture	(12,647.17)
Accumulated Depreciation - Equipment	(33,744.11)
	<hr/>
Total Property and Equipment	2,152.92
Other Assets	
Note Receivable-Kading	1,340,013.80
Interest Receivable - Kading	164,904.80
Note Receivable-ARC	124,146.15
Interest Receivable-ARC	11,535.64
Note Receivable Other	10,618.33
Investment Syringex	60,196.79
Investment J Espo's	2,047.50
Investment LUCO, Inc	2,875.00
Investment ARC	6,500.00
Investment Allied Hold Corp	4,000.00
Investment Agora Holdings Corp	1,103.80
Investment United Aerospace	27,500.00
Other Non-current Assets	418.18
	<hr/>
Total Other Assets	1,755,859.99
	<hr/>
Total Assets	1,767,889.18
	<hr/> <hr/>

LIABILITIES AND CAPITAL

Current Liabilities	
Income Taxes Payable	(841.48)
Short Term Notes Payable	23,556.20
Notes Payable SeedCo	6,160.57
Steven Siskind Escrow	(782.04)

Other Current Liabilities	<u>50.00</u>	
Total Current Liabilities		28,143.25
Long-Term Liabilities		
Interest Expense Payable	<u>587.78</u>	
Total Long-Term Liabilities		<u>587.78</u>
Total Liabilities		28,731.03
Capital		
Common Stock	408,327.21	
Paid-in Capital	1,232,247.60	
Retained Earnings	139,058.28	
Warrants issued	410.00	
Treasury Stock	(36,190.13)	
Net Income	<u>(4,694.81)</u>	
Total Capital		<u>1,739,158.15</u>
Total Liabilities & Capital		<u><u>1,767,889.18</u></u>

Kading Companies, SA

31 August 2006

Un-audited & Internally Generated Balance Sheet and Income Statement

	Year to Date This Year	Year to Date Last Year
Revenues		
Rental Income	35,779.65	2,400.00
Dividend Income	0.02	1.48
Total Revenues	35,779.67	2,401.48
Cost of Sales		
Total Cost of Sales	0.00	0.00
Gross Profit	35,779.67	2,401.48
Expenses		
Bank Charges	18.00	16.75
Charitable Contributions Exp	0.00	260.00
Postage Expense	285.00	0.00
Express Delivery Services	264.16	0.00
Telephone Expense	434.09	0.00
G & A - Salaries	500.00	24,199.94
G & A - Payroll Taxes	0.00	617.46
Personnel Insurance - Medical	2,000.00	0.00
Rent	34,779.65	3,635.00
Office Supplies	282.86	0.00
Bank Fees	0.00	397.76
Payroll Fees	160.00	0.00
Profession Fees - Audit & Tax	0.00	5,000.00
Professional Fees - Finance	2,200.00	0.00
Professional Fees - Registrar	805.68	0.00
Utility Expense - Internet	288.75	0.00
Other Expense	0.00	(24.82)
Gain/Loss on Sale of Assets	(1,803.14)	(3,441.55)
Interest Income	(0.43)	(9,525.48)
Interest	259.86	1,201.40
Income taxes	0.00	9,017.15
Total Expenses	40,474.48	31,353.61
Net Income	(4,694.81)	(28,952.13)

Kading Companies, SA
31 August 2006
Un-audited & Internally Generated Balance Sheet and Income Statement

	<u>Year To Date</u>
<u>Sources of Working Capital</u>	
Net Income	(4,694.81)
Add back items not requiring working capital	
	<hr/>
Working capital from operations	(4,694.81)
Other sources	
Note Receivable-Kading	6,647.41
Note Receivable-ARC	2,500.00
Other Non-current Assets	786.37
Common Stock	180,000.00
	<hr/>
Total sources	185,238.97
	<hr/>
<u>Uses of working capital</u>	
Note Receivable-Kading	(150,631.14)
Note Receivable-ARC	(1,544.22)
Investment United Aerospace	(27,500.00)
Other Non-current Assets	(1,572.75)
	<hr/>
Total uses	(181,248.11)
	<hr/>
Net change	3,990.86
	<hr/> <hr/>
<u>Analysis of components of changes</u>	
Increase <Decrease> in Current Assets	
Checking Bank of Millbrook	5,977.62
Checking Morgan Stanley	3,074.62
Investment Morgan Stanley	(393.19)
<Increase> Decrease in Current Liabilities	
Short Term Notes Payable	(7,054.50)
Notes Payable SeedCo	2,436.31
Other Current Liabilities	(50.00)
	<hr/>
Net change	3,990.86
	<hr/> <hr/>