

RISK FACTORS ASSOCIATED WITH KADING COMPANIES, SA

An investment in the Stock of the Company involves extreme risk. Prospective investors should carefully consider the following risk factors before investing.

THE SECURITIES HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. ATTENTION SHOULD BE DIRECTED TO THE FOLLOWING RISK FACTORS, ALONG WITH THE OTHER INFORMATION CONTAINED ON THE COMPANY'S WEB-SITE AT WWW.KADINGCO.COM. THE ORDER OF PRESENTATION OF EACH RISK FACTOR IS NOT INDICATIVE OF THE RELATIVE IMPORTANCE OF SUCH FACTOR. MOREOVER, THE FOLLOWING RISK FACTORS ARE NOT NECESSARILY EXHAUSTIVE OF THE RISK FACTORS NECESSARY TO MAKE AN INVESTMENT DECISION.

No Assurances of Success: There is no assurance that the business endeavors of the Company will be successful. The entire business endeavor of the Company is predicated upon seeking and locating technology acquisition candidates, either in the form of an existing corporation or technology, in the aerospace, medical products and other industries that offer the possible opportunity for substantial long term growth. Potential target companies and or technologies can be extremely volatile and most acquisition candidates will have no prior history of business activity or product acceptance. Therefore, such acquisitions are highly speculative.

Non-United States Corporation: The Company is not subject to United States income taxes; however the Company annually files and pays taxes on a federal, state and city level. The Company may qualify as a passive foreign investment company ("PFIC") under United States tax law. If it does, U.S. citizens and residents who are shareholders will be required to pay taxes and interest on deferred taxes when shares of the Company are sold by them, or when they receive distributions from the Company. This additional interest may be avoided if a shareholder makes an election to be taxed currently on the earnings of the Company (if the Company is a PFIC at any time). **Shareholders should consult with their tax advisors regarding the consequences of being shareholders of a PFIC and the impact of the election to currently tax earnings.**

Civil and Administrative Actions: Civil and administrative actions taken by the Securities and Exchange Commission ("SEC") to combat so-called "micro-cap fraud" evidence a significant risk in dealing with some participants in this industry. Early in 2000 Kevin H. Kading, Kading Companies, S.A., Joning Corp. f/k/a Global Stock Exchange Corp., and John O. Jones, Jr., President and Chairman of Syringex Medical, among other unrelated parties, was subpoenaed by the SEC to produce all documentation relating to its reverse merger activities between 1999 and 2000. The SEC ruled that, because of those activities, Kading Companies et al violated Section 15(a) of the Exchange Act. The Company and Kevin Kading signed a cease and desist order and paid a \$10,000 civil penalty to the SEC to settle this action. Kading Companies and Kevin Kading are no longer involved in the above mentioned business activities.

No Assurances That the Company will Continue to Identify New Technologies: There is no assurance that the Company will be able to continue to locate and identify technology acquisition candidates, either in the form of an existing corporation or technology, in the aerospace, medical products and other industries and/or technologies for acquisition on terms that can make such acquisitions profitable. In addition, substantial sums of money may be expended on due diligence investigating a possible acquisition candidate only to discover that the acquisition is not in the best interests of the Company or its shareholders or that the proposed acquisition candidate does not meet the criteria established by the Company. In such an event, the Company will not be able to recover the funds expended for due diligence. Furthermore, there is no assurance that Advanced Reconnaissance Corp. ("ARC"), Syringex Medical, Inc. ("SMI") or United Aerospace, Inc. ("UAI") will be financially able to market and manufacture its products or that the Company will be able to recoup its investment in ARC, SMI or UAI.

Non-Reporting Issuer: Kading Companies is not registered under Section 12 of the Securities Exchange Act of 1934 and does not file reports under Section 13 of the Securities Exchange Act of 1934. As a result of its non-reporting status under the Securities Exchange Act of 1934, investors may not have available to them certain detailed information including audited financial statements as would be available if the Company was a reporting issuer.

Restricted Securities: Any COMMON STOCK of the Company offered hereunder, pursuant to any exemption from registration, will be issued pursuant to Rule 506 of Regulation D of the Securities Act of 1933 and, as such, will be "restricted securities" subject to Rule 144 under the Securities Act of 1933. Shares purchased through any offering will have the following restrictive legend stamped on the stock certificates:

THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, "THE ACT") OR ANY STATE SECURITIES LAW, AND MAY NOT BE TRANSFERRED OR SOLD UNLESS AN EXEMPTION FROM SUCH REGISTRATION PROVISIONS IS AVAILABLE (THE ISSUER AND/OR ITS TRANSFER AGENT HAVE AN OPTION TO REQUIRE THAT AVAILABILITY OF AN EXEMPTION BE ESTABLISHED BY AN OPINION OF COUNSEL WHICH IS SATISFACTORY TO THEM)

Absence of Operating Revenue: The Company creates start-up enterprises, and as of the date of this document, the Company has no liquid assets and has generated very little operating revenues. In addition the "Target Technologies" and existing technology companies have no operating history; accordingly, the Company will be subject to the many pitfalls commonly associated with start-up enterprises. No assurances can be given, even with a capital infusion contemplated by any Offering that the Company will be able to successfully and profitably develop its acquired

technologies into operational businesses. In the event that the Company does not receive sufficient proceeds represented by subscriptions, such events may adversely affect the ability of the Company to successfully and profitably develop its acquired technologies into profitable and operational businesses.

Lack of Minimum Subscription Amount and Escrow Account without a Placement

Agent: The Company has not established a minimum amount of subscription proceeds which will be necessary for it to effect its proposed plan of operations, and, to that extent, has not establish an escrow account. Rather, any subscription proceeds received by the Company will be deposited directly into the Company's operating account. Accordingly, it is conceivable that although the Company may receive subscription proceeds from a Offering, such proceeds may be insufficient or inadequate for the Company to effect its proposed plan of operations. Consequently, the inability of the Company to raise the entirety of funds contemplated by any Offering may have a material adverse impact on the ability of the Company to successfully and profitably develop its acquired technologies and business, and, in all likelihood, will heighten the risk of loss of this investment. Further, the fewer funds the Company receives from any Offering, the more likely the risk of loss will be heightened.

Risk Involved in Businesses/Technologies in which the Company will Invest: The Company's initial investment portfolio consists of high risk investments in new and developing companies. Typically the management of these companies has limited business experience and the companies have limited capital and limited or no sales. Thus, the survival of these companies is by no means assured. The investment objective of the Company is dependent upon the growth of these companies.

No Indications of Product Acceptance: Since its inception, the Company's acquired technologies have conducted minimal or no operations, and therefore, have received no indications of the commercial viability of each technology. Although management believes that the companies' technologies in development will have product features which will favorably distinguish or differentiate it from its many competitors, no assurance can be given that the Company's technology companies products will attain commercial acceptability sufficient to achieve profitability even assuming the receipt of the maximum offering proceeds contemplated by any Offering.

Dependence on Marketing Strategy: The success of the Company will be dependent, among other factors, upon the ability of the technology companies to successfully market their products to their targeted markets. The Company intends to accomplish this result through a variety of sales channels developed by the existing technology companies where we can assist in creating distribution channels. The Company has no indications as to whether the distribution channels it helps develop will be an effective medium to market the various products. In the event the Company is unsuccessful in effectively using the distribution channels created, such events will have a material adverse impact upon the Company and its technology companies.

Reliance Upon Third Parties: The Company will be relying upon third parties to provide some of its products and services. In the event these parties do not perform to expectations, such events will have a material adverse impact upon the Company and its operations.

Competition: Upon commencement of operations, the Company's technology companies will be a rather insignificant participant in their independent operating sectors. Although management believes that it can compete in these various markets due to certain unique characteristics of the products and the potential ability to lower costs of production, marketing, and distribution; all or substantially all of its competitors possess significantly greater financial resources and experience than the Company and its technology companies. Since the Company's resources are very limited, it makes it even more difficult for its technology companies to expand upon or establish market share. In addition, the competitor companies have an established and loyal clientele base. The technology sectors we are entering are all highly competitive. The principal methods of competition are price, advertising, and quality of products. The Company will compete with many other technology companies. Many of these companies have widespread name recognition and experience as well as greater financial, marketing, and other resources. The Company will also face competition from an increasing number of smaller start-up companies entering the same industries as the Company's technology companies. No assurances can be given that the Company's technology companies can overcome the competitive advantages of its competitors.

We operate in a highly competitive market for investment opportunities: A large number of entities compete with us and make the types of investments that we seek to make in small and medium sized privately owned businesses. We compete with a large number of private equity funds, leveraged buyout funds and venture capital funds, investment banks and other equity and non-equity based investment funds, and other sources of financing, including traditional financial services companies such as commercial banks. Many of our competitors are substantially larger and have considerably greater financial, technical, and marketing resources than we do. Our competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, certain of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. The Company cannot assure

investors that the competitive pressures we face will not have a material adverse effect on our business, financial condition, and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time and there can be no assurance that we will be able to identify and make investments that satisfy our investment objectives or that we will be able to fully invest our available capital.

Determination of the Variable Offering Price: The Offering Price per Share is determined based on the Pink Sheets, LLC closing bid price on the day a subscription form is accepted by the Company. The determination of the Offering Price is not a result of arms length negotiations between management and a third party such as an underwriter or dealer/manager. Further, such price bears no relationship to the book value of the Company, its assets or other recognized criteria of valuation. The offering price of the Shares should not be taken as an indication of its fair market value, but its current stock market price as quoted on the Pink Sheets, LLC trading medium. No assurances can be given that securities purchased in an Offering, if transferable, could be sold for the offering price or any amount.

Additional Dilution: The Company's certificate of incorporation provides for the issuance of 100,000,000 shares of common stock, \$.01 par value. Additional shares may be issued upon approval by the Board of Directors. This can be done without the consent of the shareholders. The additional shares may cause an immediate dilution to the book value of shares to decline for the existing shareholders.

Management and Dependence on Management: The ability of the Company to conduct its business affairs in a successful fashion will be subject to the capabilities and business acumen of current management and a network of business contacts of management. The loss of the Company's sole officer and director may result in the Company being unable to carry on effectively if the Company cannot find a replacement in a short period of time. Accordingly, no subscriber should purchase any Shares unless such person is willing to entrust all aspects of the business affairs of the Company to its current management. We are dependent on the diligence, skill, and network of business contacts of our management for the final selection, structuring, closing, and monitoring of our investments. Our future success depends to a significant extent on the continued service and coordination of our sole officer and director. The departure of Mr. Kading would have a material adverse effect on our ability to implement our business strategy and to achieve our investment objectives.

Conflict of Interests: Certain conflicts of interest exist with respect to management and the operations of the Company. Significant control and influence over the direction of the Company rests with the existing management shareholder, whose interests may differ from those of investor shareholders. Although management has committed to devote sufficient time and attention to the affairs of the business, management has or will have other business interests and is not subject to any written agreement regarding such matters, other than the Executive Compensation & Employment Agreement entered into between the Company and Kevin Kading in 1995. Consequently, present or future business interests could compromise the time and attention devoted by management to the affairs of the Company.

Related Party Transactions: Kevin Kading, the founder and sole officer and director of the Company, is also the founder, sole officer and director and a major shareholder of United Aerospace, Inc. Mr. Kading is also the founder and a shareholder of Syringex Medical, Inc. (SMI), CKL Associates, Inc. (CKL), and Advance Reconnaissance Corp. (ARC). He is also an officer of ARC and the sole officer and director for CKL. Mr. Kading has also borrowed substantial amounts of money from the Company and he intends to continue borrowing from the Company. Annually certain of the promissory notes owed to the Company by Mr. Kading are converted into executive compensation to him. These promissory notes are a majority of Kading Companies' assets. As of August 31, 2006 Mr. Kading owed approximately \$1,254,043.29 in promissory notes to Kading Companies. Subsequent to the August 31, 2006 date, neither Mr. Kading nor Kading Companies have had the financial resources to settle amounts due to the accountants, therefore the August 2006 and 2007 tax returns have not been finalized, nor have taxes due been paid. Part of the Use of Proceeds from any offering will be utilized to bring the accounting current.

Additional Working Capital Requirements: Over the foreseeable future, the Company will require capital in addition to the proceeds of any Offering. Although management intends to fund its capital requirements through bank borrowing or through debt or equity placements, no assurances can be given that the Company will be successful in obtaining such financing at all or upon terms acceptable to the Company. The Company's inability to obtain such additional capital could have a material adverse affect on the Company.

Lack of Liquidity of Shares: The Common Shares have not been registered with the Securities and Exchange Commission and have been issued in reliance on exemptions under the Securities Act of 1933, as amended. Moreover, any subscribers have no right to demand the Company to register such shares. Further, a minimal market exists for the shares and no assurances can be given that a liquid market will ever develop for the shares. Consequently, holders of the shares may not be able to liquidate their investment in the Company in an emergency or at any time, and the shares will not be readily acceptable as collateral for loans. If a market does in fact develop for the Company's securities through a public offering, as a condition to such offering, any holders of the shares that participated in any private offering may be required to enter into an agreement not to sell or otherwise transfer their stock for a significant period of time following a public offering.

Common Stock: When we raise additional funds by issuing more common stock or debt securities convertible into or exchangeable for our common stock, the percentage ownership of our stockholders at the time of the issuance would decrease and they may experience additional dilution. In addition, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common stock.

Minimal Public Market for the Company's Common Stock: There is currently no active trading market for the stock of the Company. If any Shares are traded after their initial issuance, they may trade at a discount from their offering price, depending upon the market for similar securities and other factors, including general economic conditions, the Company's financial condition, performance, and prospects for companies in the aerospace, medical, and automotive accessories industry. In addition, the liquidity of the trading market in the Company's stock and the market prices quoted for the Shares may be negatively affected by changes in the overall equity market. As a result, there is no assurance that an active trading market will develop for the Company's stock at any time. Moreover, the trading price of the Company's stock could be subject to wide fluctuations in response to quarterly variations in operating results, announcements of technological innovations or new products by the Company or its competitors and other events or factors. In addition, in recent years the stock market has experienced extreme price and volume fluctuations that have had a substantial effect on the market prices for many emerging companies which may be unrelated to the operating performance of the specific companies. The market price of our shares may fluctuate significantly. The market price and marketability of our shares may from time to time be significantly affected by numerous factors, including many over which we have no control and that may not be directly related to us. These factors include, but are not limited to, the following:

1. price and volume fluctuations in the stock market from time to time, which are often unrelated to the operating performance of particular companies;
2. significant volatility in the market price and trading volume of shares of holding companies or other companies in our sector, which is not necessarily related to the operating performance of these companies;
3. changes in regulatory policies or tax guidelines, particularly with respect to holding companies;
4. changes in our earnings or variations in our operating results;
5. changes in the value of our portfolio of companies;
6. any shortfall in our revenue or net income or any increase in losses from levels expected by securities analysts;
7. departure of key personnel;
8. operating performance of companies comparable to us;
9. short-selling pressure with respect to our shares or holding companies generally;
10. general economic trends and other external factors;
11. loss of a major funding source; and
12. fluctuations in the trading prices of our shares may adversely affect the liquidity of the trading market for our shares and, if we seek to raise capital through future equity financings, our ability to raise such equity capital.

Shares of holding companies frequently trade at a discount from net asset value. This characteristic of shares of holding companies is separate and distinct from the risk that our net asset value per share will decline. It is not possible to predict whether our common stock will trade at, above, or below net asset value. Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

There is a risk that you may not receive dividends or that our dividends may not grow over time. We expect to retain net realized long-term capital gains to supplement our equity capital and support the growth of our portfolio, although our board of directors may determine in certain cases to distribute these gains. We cannot assure you that we will achieve investment results or maintain a tax status that will allow or require any specified level of cash distributions or year-to-year increases in cash distributions.

Limited Transferability: Any subscribers in any offering will be required to represent that they are purchasing the Shares for their own account, for investment purposes only and not with a view for resale or distribution. A trading market for the Company's common stock barely exists and it is not anticipated that any such

market will develop into a liquid market in the near term. In addition, the Common Shares in a private offering cannot be sold or transferred unless an exemption exists under both federal and state securities law.

State and Federal Securities Law: Any Private Offering will not be registered under the Securities Act of 1933, as amended (the “Act”) or under any state regulations, rather it would be offered in reliance on certain exemptive provisions under the Act and certain rules and regulations promulgated thereunder. It is currently anticipated that reliance will also be made on available exemptions from securities qualifications under applicable state securities laws. The exemptions are based, in part, on the representations and warranties made by each subscriber in an Offering. However, there is no assurance that the any offering currently qualifies or will continue to qualify under such exemptive provisions. If and to the extent claims or suits for rescission are brought and successfully concluded for failure to register an Offering or qualify under applicable exemptions, such event would have a material adverse impact on the Company for which no reserve has been established.

Uncertainty of Financial Projections: Any financial projections for the technology companies reflect the forecast for investment, taxable income or loss, and potential cash flow arising out of the proposed operations of the technology companies. The financial forecasts are premised upon assumptions made by management of the technology companies regarding future events. Such assumptions are based upon certain principles; including management’s best estimate of likely results, the forecasts also include the assumption that any Offering will be fully subscribed and also that the individual technology companies’ funding will be successful, for which no assurances can be given. If our Offering and the independent offerings of the technology companies is not fully subscribed, such events would adversely affect the results of operations projected in the forecasts for the technology companies. Further, financial forecasts are subject to numerous other changes due to the inability to predict future events. This is particularly true with start-up companies due to the numerous risks associated with such companies. Accordingly, no assurance can be given that the projected results of operations can be obtained and, to the extent, the actual results may be less than the projected results.

Risks Associated With Technology Acquisition Strategy: There is no assurance the Company will be successful in completing additional technology acquisitions contemplated or meeting with successful conclusions with the existing technology companies or that its technology acquisition strategy will be successful. There is no assurance that the Company will be able to effectively oversee the business units and personnel of a technology acquisition target with the business of the Company, or that the Company will be able to make adequate provision for costs of restructuring upon completion of such technology acquisitions.

Our financial condition and results of operations will depend on the Company’s ability to effectively manage our future growth: The ability to achieve the Company’s investment objectives will depend on its ability to sustain continued growth, which will depend on management’s ability to identify, evaluate, finance, and invest in suitable companies and/or technologies that meet the Company’s investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our marketing capabilities, our management of the investment process, our ability to provide competent, attentive, and efficient services and our access to financing sources on acceptable terms. As the Company grows, we will also be required to hire, train, supervise, and manage new employees. Failure to effectively manage our future growth could have a material adverse effect on our business, financial condition, and results of operations.

Risks Associated With Technology Acquisition Financing: There is no assurance the Company will be successful in raising the necessary financing to complete desired technology acquisitions. There is no assurance that the Company will be successful in raising the necessary financing to make adequate provision for costs of restructuring upon completion of such technology acquisitions.

Failure to deploy new capital may reduce our return on equity. If we fail to invest our new capital effectively, our return on equity may be negatively impacted, which could result in a decline in the market price of our common stock.

Risks Related To Internal Growth and Operating Strategies: There is no assurance that the Company will be successful in managing the growth of the desired business of the Company.

Investing capital into new technologies and/or start-up companies is extremely risky and the Company and its investors could lose their entire investment: Investing capital into new technologies and/or start-up companies is subject to a number of significant risks including the following:

1. Start-up businesses usually have limited financial resources and may not be able to repay loans we may make to them. Our strategy includes providing financing to our technology companies that typically is not readily available to them. While we believe that this provides an attractive opportunity for us to generate profits, this may make it difficult for the companies to repay their loans to us upon maturity. A company’s ability to repay its loan may be adversely affected by numerous factors, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. The deterioration in a company’s financial condition and prospects usually will be accompanied by deterioration in the value of any collateral and a

reduction in the likelihood of the Company collecting on any guarantees we may have obtained from the borrowing company's management.

2. Start-up operations typically have narrower product lines and smaller market shares than large more established businesses. Because the Company's targets are start-up businesses, they tend to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. In addition, portfolio companies will face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.
3. There is generally little or no publicly available information about these businesses. Because the Company seeks to make investments to privately owned businesses, there is generally little or no publicly available operating and financial information about the potential borrowers. As a result, the Company relies on its sole officer to perform due diligence investigations of these start-ups, their operations, and their prospects. We may not learn all of the material information we need to know regarding these businesses through our investigations.
4. Small start-up businesses generally have less predictable operating results. We expect that our start-ups may have significant variations in their operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may otherwise have a weak financial position or may be adversely affected by changes in the business cycle. Our portfolio companies may not meet net income, cash flow and other coverage tests typically imposed by their senior lenders. A company's failure to satisfy financial or operating covenants imposed by other lenders could lead to defaults and, potentially, foreclosure on its senior credit facility, which could additionally trigger cross-defaults in other agreements. If this were to occur, it is possible that the company's ability to repay our loan would be jeopardized.
5. Start-up companies are more likely to be dependent on one or two persons. Typically, the success of a start-up company also depends on the management talents and efforts of one or two persons or a small group of persons. The death, disability, or resignation of one or more of these persons could have a material adverse impact on our investment in the start-up and, in turn, on us.
6. Start-ups are likely to have greater exposure to economic downturns than larger businesses. We expect that our companies will have fewer resources than larger businesses and an economic downturn is more likely to have a material adverse effect on them. If one of our companies is adversely impacted by an economic downturn, its ability to repay our investment would be diminished.
7. Start-ups have no or very limited operating histories. While we intend to target technologies or companies with proven track records, we will make investments to new technologies and/or companies that meet our other investment criteria. Companies with limited operating histories will be exposed to all of the operating risks that new businesses face and may be particularly susceptible to, among other risks, market downturns, competitive pressures and the departure of key executive officers.
8. The Company may not realize gains from our equity investments: The Company's goal is to ultimately dispose of these equity interests and realize gains upon our disposition of such interests. However, the equity the Company receives may not appreciate in value and, in fact, may decline in value. Accordingly, the Company may not be able to realize gains from its equity interests and any gains recognized on the disposition of equity interests may not be sufficient to offset losses experienced by the Company's debt portfolio.

Because the debt and equity investments are not publicly traded, there will be uncertainty regarding the value of the Company's privately held securities that could adversely affect the determination of the Company's net asset value: None of our investments, at least initially, will be publicly traded or have a readily determinable market value. We value these securities based on our cost basis of the underlying investment.

The lack of liquidity of our privately held securities may adversely affect our business: Most of our investments will consist of, and will continue to consist of, primarily equity investments acquired in private transactions directly from our companies. Substantially all of the securities we will hold are, and the securities we expect to acquire in the future will be, subject to restrictions on resale, including, in some instances, legal restrictions, or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make funding other investments difficult if the need arises. This could cause us to miss important business opportunities. In addition, if we are required to quickly liquidate all or a portion of our portfolio, we may realize significantly less than the value at which we have previously recorded our investments.

Our portfolio will be concentrated in a limited number of companies and industries, which subjects us to an increased risk of significant loss if any one of these companies does not repay us or if the industries experience downturns. A consequence of a limited number of investments is that the aggregate returns we realize may be substantially adversely affected by the unfavorable performance of a small number of such investments or a substantial write-down of any one investment. It is possible that as the values of our portfolio companies change, one industry or a group of industries may comprise a substantial percentage of the value of our total assets. As a result, a downturn in an industry in which we have made multiple investments could have a materially adverse effect on us.

Our business plan is dependent upon external financing which may expose us to risks associated with leverage: Our business will require a substantial amount of cash to operate and grow. We may acquire such additional capital from the following sources:

Securitization: In addition to issuing securities to raise capital as described above, we anticipate that in the future we may securitize our investments to generate cash for funding new investments. An inability to successfully securitize any particular investment could limit our ability to grow our business, fully execute our business strategy, and impact our profitability. Moreover, successful securitization of our investments might expose us to losses as the investments in which we do not plan to sell interests will be those that are riskier and more apt to generate losses.

A change in interest rates may adversely affect our profitability and our hedging strategy may expose us to additional risks: We anticipate using a combination of equity and long-term and short-term borrowings to finance our investment activities. As a result, a portion of our income will depend upon the difference between the rate at which we borrow funds and the rate at which we invest these funds. Certain of our borrowings may be at fixed rates and others at variable rates. Adverse developments resulting from changes in interest rates could have a material adverse effect on our business, financial condition, and results of operations.

We may be unable to obtain a credit facility on terms that are acceptable to us: We will have a continuing need for capital to finance our investments. We will need to raise additional capital which we expect to finance possibly through a credit facility. A credit facility is an agreement with a bank or other traditional lending institution that would allow us to borrow funds, either through a term loan or a line of credit, to make investments. There is no assurance that we will be able to obtain a credit facility on terms that we find acceptable, if at all. The unavailability of funds from commercial banks or other sources on favorable terms could inhibit the growth of our business and have a material adverse effect on us.

Our expected credit facility will likely impose certain limitations on us: While there can be no assurance that we will be able to borrow from banks and other financial institutions, we expect that we will at some time in the future obtain a credit facility. The lender or lenders under this credit facility will have fixed dollar claims on our assets that are senior to the claims of our stockholders and, thus, will have a preference over our stockholders with respect to our assets. We also expect our credit facility to contain customary default provisions such as a minimum net worth amount, a profitability test, a restriction on changing our business and loan quality standards. An event of default under our expected credit facility would likely result, among other things, in termination of further funds available under that facility and an accelerated maturity date for all amounts outstanding under the facility. This would likely disrupt the portfolio companies whose operations we financed through the facility, could reduce our revenues, and, by delaying any cash payment allowed to us under our facility until the lender has been paid in full, could reduce our liquidity and cash flow.

Our investments will typically be long term and it may require several years to realize liquidation events: Since we generally intend to make five to ten year term investments and to hold our investments long term, you should not expect liquidity events, if any, to occur over the near term. In addition, we expect that any equity that we own may require several years to appreciate in value and we cannot give any assurance that such appreciation will occur.

There are significant potential conflicts of interest which could impact our investment returns: Our executive officer and director may serve as an officer and director and/or founder of entities that the Company has investments in. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. It is possible that new investment opportunities that meet our investment objectives may come to the attention of our executive officer and director, and, if so, such opportunity might not be offered, or otherwise made available, to the Company.

Changes in laws or regulations governing our operations may adversely affect our business: We and our portfolio companies will be subject to regulation by laws at the local, state, and federal level. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could have a material adverse impact on our business.

We may experience fluctuation in our quarterly results: We could experience fluctuations in our quarterly operating results due to a number of factors including, among others, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Management of Growth: The Company's development to date has required, and is expected to continue to require, the full utilization of the Company's management, financial, and other resources. The Company's ability to manage growth effectively will depend on its ability to improve and expand its operations. There can be no assurance that management will be able to manage growth effectively, and the failure to effectively manage growth may have a material adverse effect on the Company's results of operations.

Downturn in General Economic Conditions: The Company's business operations will be affected by international, national, and local economic conditions. A recession or downturn in the general economy, or in a region constituting a significant source of customers, could result in fewer customers which would adversely affect the Company's revenues.

Future Rule 144 Sales: We currently have approximately 50,000,000 shares of common stock outstanding, of which approximately 8,000,000 are freely tradable without restriction. The remaining 42,000,000 shares are held by various investors, consultants and the officer and director of the Company. Of these shares, approximately 30,000,000 may currently be resold publicly in compliance with the volume limitations and other restrictions of Rule 144 of the Securities Act. Sales of substantial amounts of our common stock in the public market, pursuant to such registration, under Rule 144 or otherwise, or the availability of such shares for sale, could adversely affect the prevailing market prices for our common stock. If this occurs, it could impair our ability to raise additional capital through the sale of equity securities if we desire to do so.

FOR ALL OF THE AFORESAID REASONS AND OTHERS SET FORTH AND NOT SET FORTH HEREIN, THE SHARES OFFERED INVOLVE AN EXTREME DEGREE OF RISK. THESE ARE NOT THE ONLY RISKS ASSOCIATED WITH THIS OFFERING OF COMMON STOCK. THEY ARE MERELY ILLUSTRATIVE OF THE RISKS INVOLVED IN THIS INVESTMENT. ANY PERSON CONSIDERING THE PURCHASE OF THESE SHARES SHOULD BE AWARE OF THESE AND OTHER FACTORS SET FORTH IN THIS DOCUMENT AND SHOULD CONSULT WITH HIS/HER LEGAL, TAX, AND FINANCIAL ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE COMPANY. THE SHARES SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD TO LOSE ALL OF THEIR INVESTMENT.