

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
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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)
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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
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Total Other Assets	1,755,859.99
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Total Assets	1,767,889.18
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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>

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	Year to Date This Year	Year to Date Last Year
<b>Revenues</b>		
Rental Income	35,779.65	2,400.00
Dividend Income	0.02	1.48
<b>Total Revenues</b>	<b>35,779.67</b>	<b>2,401.48</b>
<b>Cost of Sales</b>		
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>35,779.67</b>	<b>2,401.48</b>
<b>Expenses</b>		
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
<b>Total Expenses</b>	<b>40,474.48</b>	<b>31,353.61</b>
<b>Net Income</b>	<b>(4,694.81)</b>	<b>(28,952.13)</b>

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	<u>Year To Date</u>
<u>Sources of Working Capital</u>	
Net Income	(4,694.81)
Add back items not requiring working capital	
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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
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Total sources	185,238.97
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<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)
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Total uses	(181,248.11)
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Net change	3,990.86
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 <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)
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Net change	3,990.86
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