

Cape Systems, Inc
CONDENSED COMBINED STATEMENT OF OPERATIONS

	For the Twelve Months Ending	For the Twelve Months Ending	For the Three
	Sept 30	Sept 30	Months Ending
	2007	2008	June 30
	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUE	\$3,224,333	\$3,504,895	\$548,604
COST OF SALES	<u>1,416,908</u>	<u>1,356,433</u>	<u>223,228</u>
GROSS PROFIT	<u>1,807,424</u>	<u>2,148,461</u>	<u>325,376</u>
GM	56%	61%	59%
OPERATING EXPENSES			
Selling and administrative	3,411,878	2,898,228	558,754
Depreciation and amortization	692,960	229,784	1,528
Total operating expenses	<u>4,104,838</u>	<u>3,128,012</u>	<u>560,282</u>
Operating income/(loss)	<u>(2,297,413)</u>	<u>(979,551)</u>	<u>(234,906)</u>
OTHER INCOME (EXPENSE)			
Interest income	2,613	3,263	0
Interest expense	(726,424)	(936,481)	(210,275)
Beneficial Conversion Costs	(1,330,967)	(676,283)	(696,125)
Gain on settlement of liabilities	830,368	190,242	16,454,134
Other	(4,388)	0	3,846
Net other income (expense)	<u>(1,228,798)</u>	<u>(1,419,259)</u>	<u>15,551,580</u>
INCOME/(LOSS) BEFORE			
PROVISION FOR INCOME TAXES	<u>(3,526,211)</u>	<u>(2,398,810)</u>	<u>15,316,674</u>
Provision for income taxes	0	2,500	1,842
Credit for sale of state tax benefits	(510,698)	(720,877)	0
Net income tax credit	<u>(510,698)</u>	<u>(718,377)</u>	<u>1,842</u>
NET INCOME (LOSS)	<u><u>(\$3,015,513)</u></u>	<u><u>(\$1,680,433)</u></u>	<u><u>\$15,314,832</u></u>

	For the Nine Months Ending June 30 2009
REVENUE	\$1,697,146
COST OF SALES	755,487
GROSS PROFIT	<u>941,659</u>
GM	55%
OPERATING EXPENSES	
Selling and administrative	1,782,197
Depreciation and amortization	3,848
Total operating expenses	<u>1,786,045</u>
Operating income/(loss)	<u><u>(844,386)</u></u>
OTHER INCOME (EXPENSE)	
Interest income	0
Interest expense	(490,166)
Beneficial Conversion Costs	(1,196,834)
Gain on settlement of liabilities	16,454,134
Other	3,846
Net other income (expense)	<u>14,770,980</u>
INCOME/(LOSS) BEFORE PROVISION FOR INCOME TAXES	
	<u>13,926,594</u>
Provision for income taxes	1,842
Credit for sale of state tax benefits	(586,898)
Net income tax credit	<u>(585,056)</u>
NET INCOME (LOSS)	<u><u>\$14,511,650</u></u>