

Cape Systems Group, Inc
CONDENSED COMBINED BALANCE SHEET

	F/Y Ending Sept 30 2007	F/Y Ending Sept 30 2008	Nine Months Ending June 30 2009
ASSETS			
Cash	\$174,112	\$217,741	\$173,505
Accounts receivable, net	376,381	375,872	290,305
Allowance for Bad Debt	(2,147)	(2,704)	(1,793)
Inventories, net	174,410	937	21,792
Prepaid expenses	49,218	35,596	38,646
Total Current Assets	771,974	627,441	522,455
Equip Gross	778,535	737,072	695,919
Accum Depr/ Amort	(756,423)	(728,230)	(683,775)
Equipment and fixtures, net	22,112	8,842	12,144
Deferred Financing Costs, net	86,146	27,621	8,934
Goodwill - Cape	341,685	285,173	285,173
Other Intangibles - Cape	1,545,785	1,666,025	1,666,025
Amortization	(1,497,478)	(1,666,025)	(1,666,025)
Other Assets	132,075	133,951	262,745
Total Assets	\$1,402,299	\$1,083,028	\$1,091,451

LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)

CURRENT LIABILITIES

Mandatorily redeemable preferred stock	\$504,713	\$504,713	\$504,713
Notes payable	1,227,500	1,227,500	1,227,500
Accounts payable	3,097,363	2,957,780	184,113
Net liabilities - subsidiaries in liquidation	8,407,512	8,207,583	250,000
Payroll and related benefits accrual	1,146,032	1,154,612	742,462
Accrued litigation	2,655,322	2,655,322	25,000
Other accrued expenses and liabilities	3,802,122	4,196,918	1,819,604
Customer Deposits	357,460	112,100	19,821
Deferred revenue	612,759	533,688	557,909
Total current liabilities	21,810,783	21,550,216	5,331,122

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Convertible notes payable	6,360,053	7,036,336	7,915,623
Total liabilities	28,170,836	28,586,552	13,246,745
STOCKHOLDERS' EQUITY (DEFICIT)			
Common stock	4,973,741	4,991,831	4,991,831
Preferred stock	13,657	13,657	13,657
Subscriptions receivable	(66,000)	(66,000)	(66,000)
Additional paid-in capital	169,211,898	169,887,060	170,778,800
Accumulated equity (deficit)	(195,002,427)	(197,954,211)	(199,634,644)
Accum. other comprehensive inc/(loss)	(2,816,653)	(2,628,187)	(2,683,347)
Treasury stock	(67,240)	(67,240)	(67,240)
YTD net income/(loss)	(3,015,513)	(1,680,433)	14,511,650
Total Stockholders' deficit	(26,768,537)	(27,503,524)	(12,155,293)
Total liabilities and stockholders' equity	\$1,402,299	\$1,083,029	\$1,091,452