

**INITIO, INC. AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**OCTOBER 31, 2007**

Accountants' Compilation Report

The Board of Directors and Stockholders  
Initio, Inc. and Subsidiary  
Rochelle Park, NJ

We have compiled the accompanying consolidated balance sheet of Initio, Inc. and Subsidiary (the "Company") as of October 31, 2007, and the related consolidated statements of operations and comprehensive income, and of stockholders' equity for the six months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

NEW YORK, N.Y.  
February 25, 2008

*Rogoff + Company P.C.*

INITIO, INC. AND SUBSIDIARY  
Consolidated Balance Sheets  
October 31, 2007

ASSETS

Cash	\$ 152,824
Marketable securities	2,831,380
Fixed assets, net	2,513
Purchase money mortgage receivable	825,000
Other assets	<u>41,919</u>
 Total assets	 <u><u>\$ 3,853,636</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 2,000
Total liabilities	<u>2,000</u>
 Stockholders' Equity:	
Common Stock, \$ .01 par value, 10,000,000 shares authorized; 6,876,725 issued	68,767
Additional paid in capital	9,582,100
Accumulated deficit	(6,377,572)
Accumulated other comprehensive income	578,341
Total stockholders' equity	<u>3,851,636</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 3,853,636</u></u>

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INITIO, INC. AND SUBSIDIARY  
Consolidated Statements of Operations and Comprehensive Income

For the Six Months Ended October 31, 2007

Revenues:	
Interest and dividends	\$ 65,789
Gain on the sale of marketable securities	44,361
Consulting income	28,800
Other	5,500
	<u>144,450</u>
Expenses:	
General and administrative	71,593
Depreciation and amortization	5,100
Interest	3,764
	<u>80,457</u>
Income before provision for taxes	63,993
Provision for federal income taxes - current	145,076
Provision for federal income taxes - deferred	<u>(145,076)</u>
Net Income	<u>\$ 63,993</u>
Comprehensive Income:	
Net Income	\$ 63,993
Unrealized Gains on marketable securities	<u>720,239</u>
Comprehensive Income	<u>\$ 784,232</u>

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INITIO, INC. AND SUBSIDIARY  
Consolidated Statement of Stockholders' Equity

For the Six Months Ended October 31, 2007

	Common Stock Shares	Amount	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
Balance April 30, 2007	6,876,725	\$ 68,767	\$ 9,582,100	\$ (6,441,565)	\$ (141,898)	\$ 3,067,404
Unrealized gains on marketable securities	-	-	-	-	720,239	720,239
Net loss	-	-	-	63,993	-	63,993
Balance October 31, 2007	6,876,725	\$ 68,767	\$ 9,582,100	\$ (6,377,572)	\$ 578,341	\$ 3,851,636

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