

SYNDICATION, INC. AND SUBSIDIARIES
(formerly SYNDICATION NET.COM, INC.)
CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

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SYNDICATION, INC. AND SUBSIDIARIES
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

ASSETS

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
CURRENT ASSETS		
Cash	\$ 291,688	\$ 346,252
Prepaid expenses	2,267	1,500
Trust Activity	<u>-</u>	<u>-</u>
Total Current Assets	<u>293,955</u>	<u>347,752</u>
FIXED ASSETS		
Property, Plant and Equipment, net of accumulated Depreciation of \$110,152 and \$104,563 respectively	35,347	40,936
OTHER ASSETS		
Investments	-	253,401
Deposits	<u>2,260</u>	<u>2,260</u>
TOTAL ASSETS	<u>\$ 331,562</u>	<u>\$ 644,349</u>

The accompanying notes are an integral part of these consolidated financial statements.

SYNDICATION, INC. AND SUBSIDIARIES
(formerly SYNDICATION NET.COM, INC.)
Balance Sheet

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,257,263	\$ 2,125,388
Obligations under capital lease – current portion	9,394	16,581
Note payable – related party	507,359	507,359
Note payable	308,611	308,611
Convertible debentures – current portion and funds Pending allocation	527,165	527,165
Payroll liabilities	<u>13,059</u>	<u>13,059</u>
Total Current Liabilities	<u>3,622,851</u>	<u>3,498,163</u>
LONG TERM LIABILITIES		
Obligations under capital lease	-	-
Derivative and warranty liability relating to convertible debentures	<u>398,623</u>	<u>335,859</u>
Total Long Term Liabilities	<u>398,623</u>	<u>335,859</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock: 20,000,000 shares authorized of \$0.0001 par value, 2 Mill shares issued and outstanding	200	200
Common stock: 10,000,000,000 shares authorized of \$0.0001 par value, 8,019,769,407 shares issued and outstanding for both the periods	801,977	801,977
Additional paid-in capital	6,495,371	6,495,371
Deficit accumulated prior to the development stage	(2,231,519)	(2,231,519)
Deficit accumulated during the development stage	<u>(8,755,941)</u>	<u>(8,255,702)</u>
Total Stockholders' Equity (Deficit)	<u>(3,689,912)</u>	<u>(3,189,673)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 331,562</u>	<u>\$ 644,349</u>

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARIES
(formerly SYNDICATION NET.COM, INC.)
Statements of Operations

	For the Three Months Ended	
	March 31,	
	2012	2011
Sales revenue	\$ -	\$ -
OPERATING EXPENSES		
Selling, general and administrative	141,054	178,643
Depreciation	<u>5,589</u>	<u>5,589</u>
Total Operating Expenses	<u>146,643</u>	<u>184,232</u>
OPERATING LOSS	<u>(146,643)</u>	<u>(184,232)</u>
OTHER INCOME (EXPENSES)		
Other Income (expenses)	-	-
Gain (Loss) on investments	-	-
Gain (Loss) on change in fair value of debt derivative and warrant liabilities	(62,764)	519,845
Interest expenses, net	<u>(37,431)</u>	<u>(36,321)</u>
Total Other Income (Expenses) (Net)	<u>(100,195)</u>	<u>483,524</u>
INCOME (LOSS) BEFORE INCOME TAXES, DISCONTINUED OPERATIONS & EXTRAORDINARY ITEMS	<u>(246,838)</u>	<u>299,292</u>
INCOME TAX EXPENSE	-	-
INCOME (LOSS) EXTRAORDINARY ITEMS AND DISCONTINUED OPERATIONS	<u>(246,838)</u>	<u>299,292</u>
GAIN (LOSS) FROM EXTRAORDINARY ITEMS AND DISCONTINUED OPERATIONS	<u>(253,401)</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ (500,239)</u>	<u>\$ 299,292</u>
BASIC INCOME AND LOSS PER SHARE		
Income (loss) Per Share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>8,019,769,407</u>	<u>7,954,658,296</u>

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Deficit)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Deferred Fees</u>	<u>Stock Subscriptions Payable</u>	<u>Stock Warrants Payable</u>	<u>Accumulated Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2003	12,075,088	1,207	2,021,959	(292,000)	-	-	(2,231,519)

SYNDICATION, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Deferred Fees</u>	<u>Stock Subscriptions Payable</u>	<u>Stock Warrants Payable</u>	<u>Accumulated Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
Net Income (Loss) for the quarter ended Mar 31, 2011	-	-	-	-	-	-	<u>299,292</u>
Balance on Mar 31, 2011	<u>8,019,769,407</u>	<u>801,977</u>	<u>6,495,372</u>	-	-	-	<u>(9,856,485)</u>
Net Income (Loss) for the quarter ended June 30, 2011	-	-	-	-	-	-	<u>(334,820)</u>
Balance on Jun 30, 2011	<u>8,019,769,407</u>	<u>801,977</u>	<u>6,495,372</u>	-	-	-	<u>(10,191,305)</u>
Net Income (Loss) for the quarter ended September 30, 2011	-	-	-	-	-	-	<u>(591,499)</u>
Balance on Sept 30, 2011	<u>8,019,769,407</u>	<u>801,977</u>	<u>6,495,372</u>	-	-	-	<u>(10,782,804)</u>
Net Income (Loss) for the quarter ended December 31 2011	-	-	-	-	-	-	<u>295,583</u>
Balance on Dec 31, 2011	<u>8,019,769,407</u>	<u>801,977</u>	<u>6,495,372</u>	-	-	-	<u>(10,487,221)</u>
Net Income (Loss) for the quarter ended March 31 2012	-	-	-	-	-	-	<u>(500,239)</u>
Balance on Mar 31, 2012	<u>8,019,769,407</u>	<u>801,977</u>	<u>6,495,37</u>	-	-	-	<u>(10,987,460)</u>

The accompanying notes are an integral part of these consolidated financial statements
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SYNDICATION, INC. AND SUBSIDIARIES
(formerly SYNDICATION NET.COM, INC.)
Statements of Cash Flows

	For the Three Months Ended	
	March 31,	
	2012	2011
Net Income (Loss)	\$ (500,239)	\$ 299,292
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile net loss to net cash provided (used) in operating activities:		
Amortization of debt discount	-	-
Amortization of debt offering costs	-	-
Amortization of leased equipment	3,402	3,402
Depreciation Expense	2,187	2,187
Loss (Gain) on derivative liability	62,764	(519,845)
Shares issued for services	-	-
Shares issued on conversion of debentures	-	-
Preferred stock issued	-	-
Loss on extraordinary items	253,401	-
(Increase) decrease in operating assets:		
Prepaid expenses	(767)	150
Deposits	-	-
Employee advances	-	-
Trust activity	-	-
Increase (decrease) in operating liabilities:		
Accounts payable	(2,490)	24,653
Accounts payable – related party	97,333	65,586
Payroll liabilities	-	-
Interest payable – convertible debentures	13,683	13,533
Interest payable – related party	15,012	12,823
Interest payable – others	8,335	8,244
Current portion of LT debt	-	-
Debt pending share allocation	-	-
Current portion of LT debt – Obligations under Capital lease	(7,186)	1,006
Rounding adjustments	-	(1)
Net Cash Provided (Used) in Operating Activities	<u>(54,563)</u>	<u>(88,971)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Investment in SRE SC	-	-
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible debenture	-	-
Proceeds from convertible debt	-	-
Notes payable – related party	-	-
Stock issued for cash	-	65,000
Lease payments under Capital Lease	-	(8,938)
	<u>-</u>	<u>(8,938)</u>

The accompanying notes are an integral part of these consolidated financial statements

Net Cash Provided by (Used in) Financing Activities	-	<u>56,062</u>
NET INCREASE (DECREASE) IN CASH	(54,563)	(32,909)
CASH, BEGINNING OF PERIOD	<u>346,252</u>	<u>74,721</u>
CASH, END OF PERIOD	<u>\$ 291,688</u>	<u>\$ 41,812</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Payments For:

Income taxes	\$	-	\$	-
Interest	\$	-	\$	-

Non-Cash Financing Activities

Common stock issued for deferred fees	\$	-	\$	-
Common stock issued for converting N/P	\$	-	\$	-
Common stock issued for converting debt & interest	\$	-	\$	-
Common stock issued for services/cash	\$	-	\$	65,000
Common stock issued as stock dividend	\$	-	\$	-
Common stock rescission	\$	-	\$	-
Common stock converted from preferred stock	\$	-	\$	-
Preferred stock issued for fee (adjustment)	\$	-	\$	-

The accompanying notes are an integral part of these financial statements.

SYNDICATION, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
March 31, 2012 and December 31, 2011

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying un-audited condensed consolidated financial statements have been prepared by the Company in accordance with the instructions to Form 10-QSB and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been or omitted in accordance with such rules and regulations. The information furnished in the condensed consolidated interim financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such consolidated financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these condensed consolidated interim financial statements be read in conjunction with the Company's most recent unaudited consolidated financial statements and notes thereto included in its December 31, 2011 Annual Report on Form 10-KSB. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

Business and Basis of Presentation

On March 25, 1999, Syndication, Inc. (the "Company") was incorporated under the laws of the State of Delaware. The Company is in the development stage, as defined by Statement of Financial Accounting Standards No. 7 ("SFAS No. 7") and its efforts have been principally devoted to acquire controlling interests in or to participate in the creation of, and to provide financial, management and technical support to, development stage business, e-commerce businesses and traditional brick-and-mortar businesses. Year to date, the Company has earned a revenue of \$- and incurred expenses and has sustained losses. Consequently, its operations are subject to all the risks inherent in the establishment of a new business enterprise. For the period from its inception as a development stage enterprise through March 31, 2012, the Company has accumulated losses of \$8,755,941.

Reclassification

Certain prior period amounts have been reclassified for comparative purposes.

NOTE 2 - GOING CONCERN

The Company's condensed consolidated financial statements are prepared using accounting principals generally accepted in the Unites States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. At the 1st Quarter close, the Company wrote off \$253,401 in cash losses for legal expenses related to the SC Bio-diesel manufacturing project leaving the Company with cash resources of \$291,688, which the Company believes will be adequate resources along with the expected stream of revenue to cover its operating costs and to allow it to continue as a going concern. The condensed consolidated financial statements do not reflect any adjustments that

SYNDICATION, INC. AND SUBSIDIARY

Notes to the Condensed Consolidated Financial Statements

March 31, 2012 and December 31, 2011

might result from the outcome of this uncertainty. It is management's intent to seek growth by way of a merger or acquisition. It is the belief that over the next 12 months that Company will acquire at least one or more of acquisition candidates. The acquisition process should provide capital, revenue and incomes as a result. There is no assurance that the Company will be successful in its acquisition efforts or in raising the needed capital.

NOTE 3 - CONVERTIBLE DEBENTURE

On December 30th 2005, Syndication, Inc. (the "Company"), in order to obtain alternative funding for its ongoing operations of the Company, entered into a Termination Agreement with Cornell Capital Partners, LP (the "Investor") pursuant to which the Standby Equity Distribution Agreement entered between the Company and the Investor dated June 2004 was terminated. To that end, on December 30th 2005, the company then executed a Securities Purchase Agreement (the "Agreement") for the sale of (i) \$1,150,000 in secured convertible debentures (the "Debentures") and (ii) stock purchase warrants (the "Warrants") to buy 120,000,000 shares of our common stock. In accordance with EITF-00-19 and SFAS 150, since there is no explicit limit on the number of shares that are to be delivered upon exercise of the conversion feature, the Company is not able to assert that it will have sufficient authorized and un-issued shares to settle the conversion option. As a result, the conversion feature should be accounted for as a derivative liability, with the fair value recorded in earnings each period. On February 6th 2006 the company issued an additional \$700,000 of the \$1,150,000 debenture and on June 8th 2006 issued the final \$150,000 of the \$1,150,000 debenture. As of March 31st, 2012, the Company converted \$622,835 of its debenture to equity reducing the outstanding debenture balance from \$1,150,000 to \$527,165, including \$69,800 converted per lender, subject to confirmation from stock agent.

NOTE 4 - CAPITAL LEASE OBLIGATION

Property and equipment includes the following amounts for capitalized leases at March 31, 2012:

Surgical Treatment equipment	\$	95,246
Less: accumulated depreciation and amortization		<u>(68,033)</u>
	\$	<u>27,213</u>

Future minimum lease payments required under the capital leases are as follows:

2012	\$	9,678
		<u>-</u>
Total	\$	9,678
Less: Amount representing interest		<u>(284)</u>
	\$	9,394
Less: Current portion		<u>(9,394)</u>
Long term portion	\$	<u>-</u>

SYNDICATION, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
March 31, 2012 and December 31, 2011

NOTE 5 - MATERIAL BOARD RESOLUTIONS; 5a - SUBSEQUENT EVENTS

ITEM 1; 1/7/12 Corporate Actions; Alternative Transfer Agent;

On September 30th, 2011 the Board approved the request of the CEO to engage the Tracy Law firm to handle various "Corporate Action" filings required by FINRA to effect among other actions, a 2% forward Split and Dividend of the Company's holdings in Better Environment Concepts Inc. He was authorized to release news of these events on counsel approval.

However, the Board reported that the filing process became problematic when late in the 4th Quarter of 2011; Syndication was informed by the owner of the Pacific Stock Transfer Agency (PST), its transfer agent, that the SEC had launched an investigation on his Company (PST). Based on this information the Board hypothesized that the scope and nature of the investigation could possibly close, suspend operations or initiate regulatory sanctions against PST that may ultimately interfere with the future clearing activities of Syndication. Although, the outcome of the regulatory review is unpredictable, the Board considered the SEC investigation of PST to be of material concern and holding the potential of creating complications that could choke the transactional recording process inherent with the issuance of equity dividends, especially combination dividends that include the issuance of equity securities from multiple companies simultaneously to thousands of shareholders and numerous clearing houses.

This point taken in conjunction with the fact that SYNJ has just spent significant monies and nearly 9 months creating and implementing the policies for our new dividend program, the Board was compelled to pass a resolution to switch TA's now, before its launch. The Board then charged the CEO to take immediate steps to implement their resolution. It was then resolved on 1/7/2012, that Syndication would complete its dividend issuance and other Corporate Actions immediately after the Company switched to the new Transfer Agency.

ITEM 2 – 2/17/12; Board Resolutions;

On February 17, 2012 the board passed resolutions instructing the CEO to continue and moreover, focus his efforts on negotiating and structuring the projects with internet security companies that specialize in cyber investigation, IP trace identification, anonymous blogger trace identification, reputation repair and protection, cyber bullying, stalking litigation, brand protection, and information content control. Additional resolutions charged the CEO to continue assisting the US Attorney's Office of South Carolina, in the preparation of its criminal case against the individuals responsible for committing the fraud, The Board further recognized that all contractual relationships associated to Better Environment Concepts Inc. have expired and called for continued efforts to switch to an alternative Transfer Agent.

SYNDICATION, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
March 31, 2012 and December 31, 2011

NOTE 5a - SUBSEQUENT EVENTS;

ITEM 1 - 7/23/12; Request for an Official Status Statement from USATTSC;

On July 23rd 2012, the Board authorized the CEO to request an official statement of status regarding the company's fraud claim against certain parties submitted to that office on 9/27/2011.

In general the statement requested that the office of the USATTSC, provide the Company with an Official statement of their disposition of our complaint. Issues of concern outlined in that correspondence included statements and references as outlined below;

In summary, the case provides 5 basic elements;

- *Legally Vetted,
- *Original Counterfeit Documents with counterfeit seals and forgeries,
- *Sworn Depositions and Affidavits, (provided by HSBC fraud division).
- *Forged Company Minutes,
- *You Can Track the cash,

At your request, we submitted all documentation to your office on September 27th, 2011, by electronic and registered courier, through Agent Wolf of your Secret Service detail. Your office requested our patience explaining that this was an elections year, however we are now approaching a 1 year anniversary and respectfully request an official status update.

Further resolutions of that meeting authorized the CEO to organize the Capital Structure of the Company in a format most suitable for this next merger or acquisition.

SYNDICATION, INC. AND SUBSIDIARY
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