

**I herein certify that the attached financials statements and notes hereto, present fairly, in all material aspects, the financial position of the issuer and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied.**

A handwritten signature in black ink, appearing to read "Taylor Gillispie", is written over the printed name.

**Taylor Gillispie**

**Secretary/Treasurer**

**Alternate Energy Holdings, Inc.**

**May 14, 2007**

**ALTERNATE ENERGY HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	December 31, 2006	December 31, 2005	December 31, 2004
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 243,522	\$ -	\$ -
Current assets of entity to be disposed of	<u>76,822</u>	<u>183,280</u>	<u>80,544</u>
Total current assets	320,344	183,280	80,544
Long term assets:			
Prepaid patent costs	<u>1,149,999</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 1,470,343</u></u>	<u><u>\$ 183,280</u></u>	<u><u>\$ 80,544</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Due to related parties	\$ 4,928	\$ 16,943	\$ -
Pending stock subscriptions	136,000	-	-
Current liabilities of entity to be disposed of	<u>15,481</u>	<u>31,027</u>	<u>15,295</u>
Total current liabilities	<u>156,409</u>	<u>47,970</u>	<u>15,295</u>
Commitments and contingencies	-	-	-
Stockholders' equity:			
Common stock, par value \$.001, 75,000,000 shares authorized; 26,439,086 issued and 25,652,086 outstanding at December 31, 2006; 436,000 and 151,448 issued and outstanding at December 31, 2005 and 2004, respectively	26,439	436	151
Additional paid in capital	20,971,300	260,577	849
Retained earnings (deficit)	(19,662,055)	(125,703)	64,249
Treasury stock, at cost, 2,164 shares at December 31, 2006	<u>(21,750)</u>	<u>-</u>	<u>-</u>
Total stockholders' equity	<u>1,313,934</u>	<u>135,310</u>	<u>65,249</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,470,343</u></u>	<u><u>\$ 183,280</u></u>	<u><u>\$ 80,544</u></u>

See accompanying notes to the financial statements

**ALTERNATE ENERGY HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATING EXPENSES**  
(Unaudited)

	Year Ended 12/31/2006	Year Ended 12/31/2005	Year Ended 12/31/2004
OPERATING EXPENSES:			
General and administrative expenses	<u>\$(18,238,320)</u>	<u>\$ (17,006)</u>	<u>\$ -</u>
NET LOSS FROM CONTINUING OPERATIONS	(18,238,320)	(17,006)	-
NET INCOME (LOSS ) FROM DISCONTINUED OPERATIONS	(1,299,390)	(173,010)	64,249
INTEREST INCOME	<u>1,358</u>	<u>64</u>	<u>-</u>
NET LOSS	<u><u>\$(19,536,352)</u></u>	<u><u>\$ (189,952)</u></u>	<u><u>\$ 64,249</u></u>
NET INCOME (LOSS) PER COMMON SHARE	\$ (1.39)	\$ (0.65)	\$ 0.42
NET INCOME (LOSS) PER COMMON SHARE AS A RESULT OF DISCONTINUED OPERATIONS	\$ (0.09)	\$ (0.59)	\$ 0.42
WEIGHTED AVERAGE SHARES USED IN COMPUTING INCOME (LOSS) PER COMMON SHARE	14,091,086	291,870	151,448

See accompanying notes to the financial statements

**ALTERNATE ENERGY HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
(Unaudited)

	Year Ended 12/31/06	Year Ended 12/31/05	Year Ended 12/31/04
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss from continuing operations	\$ (18,236,962)	\$ (16,942)	\$ -
Net income (loss) from discontinued operations	(1,299,390)	(173,010)	64,249
Net income (loss) from operating activities	<u>(19,536,352)</u>	<u>(189,952)</u>	<u>64,249</u>
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services-continuing operations	18,004,099	-	-
Common stock issued for services-discontinued operations	591,675	13	-
Changes in:			
Pending stock subscriptions	136,000	-	-
Assets to be disposed of	106,458	(102,736)	(80,544)
Liabilities to be disposed of	<u>84,454</u>	<u>15,732</u>	<u>15,295</u>
Net cash used in operating activities-continuing operations	(96,863)	(16,942)	-
Net cash used in operating activities-discontinued operations	<u>(516,803)</u>	<u>(260,001)</u>	<u>(1,000)</u>
Net cash used in operating activities	<u>(613,666)</u>	<u>(276,943)</u>	<u>(1,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Receipt of cash for common stock-continuing operations	352,400	-	-
Receipt of cash for common stock-discontinued operations	538,553	160,000	-
Purchase of treasury stock-discontinued operations	(21,750)	-	-
Net change in due to/from related parties-continuing operations	(12,015)	16,943	-
Shareholder contribution to paid in capital-discontinued operations	<u>-</u>	<u>100,000</u>	<u>1,000</u>
Net cash provided by financing activities -continuing operations	340,385	16,943	-
Net cash provided by financing activities -discontinued operations	516,803	260,000	1,000
Net cash provided by financing activities	<u>857,188</u>	<u>276,943</u>	<u>1,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	243,522	-	-
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<u><u>\$ 243,522</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Supplemental disclosures:</b>			
Cash paid for income taxes	\$ -	\$ -	\$ -
Cash paid for interest	-	-	-
Fair market value of common stock issued to acquire patents	1,149,999	-	-
Fair market value of common stock issued as debt payment	100,000	-	-

See accompanying notes to the financial statements

**ALTERNATE ENERGY HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2004 and 2005 and 2006**  
(Unaudited)

	Number of Common Shares Issued	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	TOTAL
Balances, December 31, 2003	151,448	\$ 151	\$ (151)	\$ -	\$ -	\$ -
Contribution to paid in capital	-	-	1,000	-	-	1,000
Net income	-	-	-	-	64,249	64,249
Balances, December 31, 2004	151,448	151	849	-	64,249	65,249
Contributions to paid in capital	-	-	100,000	-	-	100,000
Issuance of common stock for acquisition of Nussentials Corporation	275,000	275	(262)	-	-	13
Issuance of common stock for cash	9,552	10	159,990	-	-	160,000
Net loss	-	-	-	-	(189,952)	(189,952)
Balances, December 31, 2005	436,000	436	260,577	-	(125,703)	135,310
Issuance of common stock for cash	2,973,035	2,973	887,980	-	-	890,953
Issuance of common stock for services	18,175,559	18,130	18,577,644	-	-	18,595,774
Issuance of common stock for patents	1,149,999	1,150	1,148,849	-	-	1,149,999
Issuance of common stock for debt	3,750,000	3,750	96,250	-	-	100,000
Cancellation of common stock	(43,403)	-	-	-	-	-
Purchase of treasury stock	(2,164)	-	-	(21,750)	-	(21,750)
Rounding due to 67:1 stock split	60	-	-	-	-	-
Net loss	-	-	-	-	(19,536,352)	(19,536,352)
Balances, December 31, 2006	26,439,086	\$ 26,439	\$ 20,971,300	\$ (21,750)	\$ (19,662,055)	\$ 1,313,934

See accompanying notes to the financial statements

**ALTERNATE ENERGY HOLDINGS, INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation.* In June 2005 a stock exchange occurred whereby Nussentials Holdings Inc., the predecessor of Alternate Energy Holdings, Inc., acquired all of the outstanding shares of Nussentials Corporation. In September 2006 Nussentials Holdings Inc. approved a 67:1 stock split, changed the corporate name to Alternate Energy Holdings, Inc., and merged with SunBelt Energy Resources, Inc., a private Nevada and Florida energy corporation. Simultaneously with closing of the merger, Alternate Energy Holdings agreed to distribute all of the shares of Nussentials Corporation to the shareholders of Nussentials Holdings prior to the merger.

*Business.* Alternate Energy Holdings, Inc. was incorporated as Corptran Support, Inc. in the State of Nevada in 2001. The corporate name was changed to DRX Inc. in December 2004, to Nussentials Holdings Inc. in June 2005, and to Alternate Energy Holdings, Inc. in September 2006. Sunbelt Energy Resources has been in existence since August 29, 2005 as a development stage company with limited operational activity.

*Use of Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

*Cash and Cash Equivalents.* Alternate Energy considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

*Prepaid Patent Costs.* Prepaid patent costs represents the fair market value of 1,149,999 shares of common stock issued to acquire pending patents related to carbon dioxide removal from the exhaust of combusted fuels; a lightning harvesting, storage and conversion device; and a method and apparatus for heating and vaporizing liquid ethanol to improve the performance of gas turbine generators.

**NOTE 2 – DISCONTINUED OPERATIONS**

At the time of the merger of Alternate Energy Holdings and SunBelt Energy Resources, Alternate Energy agreed to distribute all of the shares of Nussentials Corporation to the shareholders of Nussentials Holdings prior to the merger. It is the intent of Alternate Energy to spin-off Nussentials Corporation, and accordingly, all activity of Nussentials Corporation has been treated as discontinued operations.

**NOTE 3 - INCOME TAXES**

Alternate Energy's provision for income taxes is calculated at the U.S. statutory federal income tax rate as follows:

Cumulative net operating loss 12/31/06	\$(19,662,055)
Estimated net federal income tax payable	\$ -0-

**NOTE 4 - COMMON STOCK**

Alternate Energy has 75,000,000 shares of common stock authorized at a par value of \$.001. All shares in these financial statements have been adjusted to reflect a 1000:1 forward split that occurred in December 2004 and a subsequent 67:1 split that occurred in September 2006. At December 31, 2004, there were 151,448 common shares of issued and outstanding.

On June 29, 2005 a stock exchange was consummated whereby Nussentials Holdings Inc., the predecessor to Alternate Energy Holdings, Inc., acquired all of the outstanding shares of Nussentials Corporation. Nussentials Holdings issued 275,000 shares of Nussentials Holdings common stock to the shareholders of Nussentials Corporation via a 1,000:1 stock exchange.

During calendar year 2005, Alternate Energy issued 9,552 shares of common stock for cash received in the amount of \$160,000.

During calendar year 2006, Alternate Energy issued 2,973,035 shares of common stock for cash received in the amount of \$890,953.

During calendar year 2006, Alternate Energy issued 18,175,559 shares of common stock for services rendered and recorded related non-cash compensation expense of \$18,595,774.

During calendar year 2006, Alternate Energy issued 1,149,999 shares of common stock to acquire three pending patents. The fair market value of the shares, \$1,149,999 was recorded as prepaid patent cost.

During calendar year 2006, Alternate Energy issued 3,750,000 shares of common stock to retire \$100,000 in debt of subsidiary Nussentials Corporation.

During calendar year 2006, Alternate Energy cancelled 43,403 shares of common stock that were issued in error and never distributed to the shareholder(s).

On July 27, 2006, Alternate Energy purchased 2,164 shares of treasury stock for cash in the amount of \$21,750.

#### **NOTE 5 - SUBSEQUENT EVENTS**

##### Common Stock

In 2007, Alternate Energy has issued 1,285,000 shares of common stock for cash received and services rendered.