

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

**March 31, 2010**

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**SYNDICATION, INC. AND SUBSIDIARY**

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

ASSETS

	March 31, 2010	December 31, 2009
<b>CURRENT ASSETS</b>		
Cash	\$ 851,538	\$ 890,215
Prepaid expenses	3,244	2,679
Employee Advances	1,486	1,486
Trust Activity	<u>-</u>	<u>680</u>
Total Current Assets	<u>\$ 856,268</u>	<u>895,060</u>
<b>FIXED ASSETS</b>		
Property, Plant and Equipment, net of accumulated Depreciation of \$65,281 and \$59,605 respectively	80,218	85,894
<b>OTHER ASSETS</b>		
Capitalized Financing costs, net of accumulated Amortization of \$158,541 and \$158,541		
SRE S.C. (\$592,968.00) Cash Investment held in escrow, written down to 0.00 Valuation,	-	-
Deposits	<u>2,260</u>	<u>2,260</u>
<b>TOTAL ASSETS</b>	<u>\$ 938,746</u>	<u>\$ 983,214</u>

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

## SYNDICATION, INC. AND SUBSIDIARY

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

### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,204,824	\$ 1,073,742
Obligations under capital lease – current portion	18,579	18,033
Note payable – related party	502,309	502,309
Note payable	357,111	357,111
Convertible debentures – current portion	470,000	561,300
Payroll liabilities	<u>13,059</u>	<u>13,059</u>
Total Current Liabilities	<u>2,565,882</u>	<u>2,525,554</u>
<b>LONG TERM LIABILITIES</b>		
Obligations under capital lease	29,939	33,343
Note payable, long term	-	-
Derivative and warranty liability relating to convertible debentures	<u>357,997</u>	<u>690,305</u>
Total Long Term Liabilities	<u>387,936</u>	<u>723,648</u>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock: 20,000,000 shares authorized of \$0.0001 par value, 2 million shares issued and outstanding	200	200
Common stock: 6,000,000,000 shares authorized of \$0.0001 par value, 5,996,797,978 shares and 5,970,738,824 shares issued and outstanding respectively	599,680	597,074
Additional paid-in capital	6,609,750	6,521,056
Deficit accumulated prior to the development stage	(2,231,519)	(2,231,519)
Deficit accumulated during the development stage	<u>(6,993,161)</u>	<u>(7,152,777)</u>
Total Stockholders' Equity (Deficit)	<u>(2,015,072)</u>	<u>(2,265,988)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b><u>\$ 938,746</u></b>	<b><u>\$ 983,214</u></b>

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

## SYNDICATION, INC. AND SUBSIDIARY

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

	For the Three Months Ended	
	March 31,	
	2010	2009
Sales / Derivative Gain	<u>\$ 336,714</u>	<u>\$ 229,567</u>
OPERATING EXPENSES		
Selling, general and administrative	131,919	116,106
Depreciation	<u>5,676</u>	<u>5,676</u>
Total Operating Expenses	<u>137,595</u>	<u>121,782</u>
OPERATING GAIN (LOSS)	<u>199,119</u>	<u>107,785</u>
OTHER INCOME (EXPENSES)		
Other Income (expenses)	(35)	(32,659)
Interest expenses, net	<u>(39,468)</u>	<u>(53,780)</u>
Total Other Income (Expenses) (Net)	<u>(39,503)</u>	<u>(135,449)</u>
LOSS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	<u>159,616</u>	<u>21,346</u>
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>159,616</u>	<u>21,346</u>
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 159,616</u>	<u>\$ 21,346</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>5,917,133,706</u>	<u>2,438,837,109</u>

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**SYNDICATION, INC. AND SUBSIDIARY**

Consolidated Statements of Stockholders' Equity (Deficit)

	<u>Common Stock</u>		Additional	Deferred	Stock	Stock	Accumulated
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Fees</u>	<u>Subscriptions</u>	<u>Warrants</u>	<u>Deficit</u>
			<u>Capital</u>		<u>Payable</u>	<u>Payable</u>	
Balance, December 31, 2003	12,075,088	1,207	2,021,959	(292,000)	-	-	(2,231,519)
Net Income (Loss) for the quarter ended June 30, 2010	-	-	-	-	-	-	<u>159,616</u>
Balance on June 30, 2010	<u>5,996,797,978</u>	<u>599,680</u>	<u>6,609,751</u>	-	-	-	<u>(9,279,068)</u>

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## SYNDICATION, INC. AND SUBSIDIARY

(formerly SYNDICATION NET.COM, INC.)  
Statements of Cash Flows

	For the Three Months Ended	
	<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
Net Income (Loss)	\$ 159,616	\$ 21,346
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Adjustments to reconcile net loss to net cash provided (used) in operating activities:		
Amortization of debt offering costs	-	6,980
Amortization of leased equipment	3,402	3,401
Depreciation Expense	2,274	2,274
Loss (Gain) on derivative liability	(332,307)	(221,888)
(Increase) decrease in operating assets:		
Prepaid expenses	(565)	35
Trust activity	680	-
Increase (decrease) in operating liabilities:		
Accounts payable	3,671	(1,024)
Accounts payable – related party	88,956	55,787
Interest payable – convertible debentures	15,513	26,405
Interest payable – related party	14,698	24,401
Interest payable – others	8,244	2,326
Current portion of LT debt	(91,300)	25,643
Current portion of LT debt – Obligations under Capital lease	546	(4,232)
Rounding adjustments	-	1
Net Cash Provided (Used) in Operating Activities	<u>(126,573)</u>	<u>(58,545)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
\$592,968 Held in Escrow written down to (0.00)		
Investments in Pinnacle Energy	(0.00)	-
Investments in SRE SC	(3,200)	-
Incorporation expenses	-	-
Net Cash Used in Investing Activities	<u>(3,200)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common Stock issued on conversion of debt	91,300	114,000
Lease payments under Capital Lease	(3,404)	2,945
Net Cash Provided by (Used in) Financing Activities	<u>87,895</u>	<u>116,945</u>
NET INCREASE (DECREASE) IN CASH	(38,676)	58,400
CASH, BEGINNING OF PERIOD	<u>890,214</u>	<u>4,790</u>
CASH, END OF PERIOD	<u>\$ 851,538</u>	<u>\$ 63,190</u>

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

## 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	\$	-	\$	-
Common stock issued for services/cash	\$	-	\$	114,000
Common stock rescission	\$	-	\$	-
Common stock converted from preferred stock	\$	-	\$	-
Preferred stock issued for fee	\$	-	\$	-

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

**SYNDICATION, INC. AND SUBSIDIARY**  
(A Development Stage Company)  
Notes to the Condensed Consolidated Financial Statements  
March 31, 2010 and December 31, 2009

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, 2009 Annual Report on Form 10-KSB. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

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 \$159,616 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, 2010, the Company has accumulated losses of \$6,993,161.

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 United 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 1<sup>st</sup> Quarter close, the Company had cash resources of \$851,538, 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 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.

**SYNDICATION, INC. AND SUBSIDIARY**  
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NOTE 3 - CONVERTIBLE DEBENTURE

On December 30<sup>th</sup> 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 30<sup>th</sup> 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 6<sup>th</sup> 2006 the company issued an additional \$700,000 of the \$1,150,000 debenture and on June 8<sup>th</sup> 2006 issued the final \$150,000 of the \$1,150,000 debenture. As of March 31, 2010 the Company converted \$680,000 of its debenture to equity reducing the outstanding debenture balance from \$1,150,000 to \$470,000.

NOTE 4 - CAPITAL LEASE OBLIGATION

Property and equipment includes the following amounts for capitalized leases at September 30, 2008:

2007

Surgical Treatment equipment	\$	95,246
Less: accumulated depreciation and amortization	\$	(40,820)
		<u>\$ 54,426</u>

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

2010	\$	25,163
2011		23,227
2012		<u>7,743</u>
Total	\$	56,133
Less: Amount representing interest		<u>(7,615)</u>
	\$	48,518
Less: Current portion		<u>(18,579)</u>
Long term portion	\$	<u>29,939</u>

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**NOTE 5 - SUBSEQUENT EVENTS**

**ITEM 1 July 2<sup>nd</sup>, 2010; \$592,000 Escrow**

On July 2<sup>nd</sup>, 2010, a court of competent jurisdiction granted the Company's request to freeze an escrow account holding \$592,000 dollars of the Company's money that was to be used for interest expenses and various closing fees associated to a \$5 million dollar credit instrument. The \$5 million dollar financing package was brought to the Company by Peter Katzburg its CFO. He recommended, signed and promoted the arrangement to the Board of Directors. The international banking arrangement is being issued by HSBC Bank, London. Mr. Katzburg was solely responsible for personally endorsing, developing and aggressively encouraging the Board of Directors to agree to the transaction. Later understanding of the transaction and for reasons related to the differences of interpretation on terms and functionality, the Company filed a request with the court to freeze the escrow account until such issues are decided by the court. It is the position of the Board that the decision of the Judge to grant our request is a testament to the legitimacy of our claims. It is the position of the Board that these issues should find a resolution in due time however, until the final legal resolution it is the position of our accounting department to write off the investment. At this time, it remains the general consensus of the BOD that the Company will either receive its money back with interest and legal fees or have a 5 million dollar loan at its disposal.

**ITEM 2 August 4<sup>th</sup> 2010; Board Rejects Marshall Employment Contract;**

On August 4<sup>th</sup> 2010, the Board's of Syndication Inc. and Sentinel Renewable Energies S.C. Inc., (SRE S.C.), by unanimous vote rejected the proposed employment terms offered by McCutcheon Marshall Jr., President and Chairman of the Board of SRE S.C. Key demands of Mr. Marshall's employment proposal included a commitment for a 1 year contract with a salary totaling \$220,000 which included a \$100,000 cash signing bonus. Further conditions of the proposal demanded that SRE SC pay invoices from non-affiliated companies in excess of \$35,000. The Board wishes to note that his terms were non-negotiable. Mr. Marshall Jr. has been the point man on the development of our bio-diesel manufacturing facility for SRE S.C. and his office has been principally responsible for the overall development activities of the project. They included the time lines of financing, development strategies of key contracts and the introduction of the Company to Mr. Peter Katzburg who under his watch ultimately, became the CFO for the project. Mr. Marshall Jr. originally a 51% shareholder of SRE S.C. was reduced late in the year of 2009 to a 20% shareholder for reasons related to continued delays, caused by his office, in the procurement of a \$3.5 Million Dollar USDA government backed loan.

The need to move the project forward forced the company to seek alternative sources of financing and fostered Mr. Marshall's introduction of Peter Katzburg as CFO for the project. It's important to note that this loan was conditioned on a number of criteria, including that the Company be minority owned and that Mr. Marshall be willing to collateralize his personal assets. These two conditions, specifically the agreement of Mr. Marshall to go at risk for \$3.5 million dollars among other issues, were the basis under which the original terms of Mr. Marshall's employment contract and 51% ownership in SRE S.C. were structured. When the company decided to seek alternative financing that did not require Mr. Marshall to be at risk, all parties agreed to modify the terms of his employment contract. It was the concern of the Board that control of the company should not be vested in an individual that shares no financial risk or stake in the success of the project.

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The Board also rejected the Marshall Employment proposal on the basis of salary. Originally, and to this date, all Board members had agreed that until there was an operating plant that was producing both revenue and income there would be no salary packages for Board Members. Mr. Marshall demanded a 1 year \$220,000 dollar salary package and stated clearly that his focus would not be exclusive to the SRE S.C. project but, on many other projects in the US and around the world. The Board rejected his position stating in response that their only concerns were vested in its SRE S.C. project and the best interest of the Syndication shareholders. The Board stated further that it would only grant such a generous salary package based on exceptional performance and the assurance that Company's needs were a 100% priority, of which neither condition was met by Mr. Marshall.

**ITEM 3 September 14<sup>th</sup>, 2010; 20% SALE of SRE, S.C.**

On September 14<sup>th</sup>, 2010 the Board of Directors agreed to vote on the sale terms of approximately 20% of Sentinel Renewable Energy S.C., (SRE S.C.). SRE S.C. a subsidiary of Syndication Inc. is the Company's bio-diesel manufacturing project located in South Carolina. Until the Board votes to approve the sale, the company can not release the exact terms of the transaction but, the broad strokes of the agreement include an exchange of 18% to 30% interest in SRE S.C. for an estimated payment of approximately \$1 million dollars, a contractual agreement granting the purchasers oversight of their \$1 million investment, 2 (two), consulting arrangements, (one for market development and the other for plant engineering management), and a 10% common stock dividend of the purchasing company to be paid to the shareholders of Syndication Inc. The Board indicated that the sale is in the process of closing.

**ITEM 4 October 7<sup>th</sup> 2010; Dividend Approval**

On October 7<sup>th</sup>, 2010 the BOD approved an additional 2% to 5% common stock dividend of Syndication's stock to be paid in conjunction with the settlement of the % sale of SRE S.C. However, the BOD did not approve the "Declaration Date" of the dividend and stated that the declaration date will co-inside with the settlement date of the 20% sale of SRE S.C.

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