

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

September 30, 2010 and December 31, 2009

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

ASSETS

	<u>September 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT ASSETS		
Cash	\$ 150,500	\$ 890,215
Prepaid expenses	614	2,679
Employee Advances	1,486	1,486
Trust Activity	<u>-</u>	<u>680</u>
Total Current Assets	<u>152,600</u>	<u>895,060</u>
FIXED ASSETS		
Property, Plant and Equipment, net of accumulated Depreciation of \$76,618 and \$59,605 respectively	68,881	85,894
OTHER ASSETS		
Capitalized Financing costs, net of accumulated Amortization of \$165,521 and \$158,541	-	-
Investments held in Cash	596,169	-
Deposits	<u>2,260</u>	<u>2,260</u>
TOTAL ASSETS	<u><u>\$ 819,910</u></u>	<u><u>\$ 983,214</u></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>September 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,475,177	\$ 1,073,742
Obligations under capital lease – current portion	19,142	18,033
Note payable – related party	463,359	502,309
Note payable	308,611	357,111
Convertible debentures – current portion	505,865	561,300
Payroll liabilities	<u>13,059</u>	<u>13,059</u>
 Total Current Liabilities	 <u>2,785,213</u>	 <u>2,525,554</u>
LONG TERM LIABILITIES		
Obligations under capital lease	23,486	33,343
Derivative and warranty liability relating to convertible debentures	<u>237,059</u>	<u>690,305</u>
 Total Long Term Liabilities	 <u>260,545</u>	 <u>723,648</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock: 20,000,000 shares authorized of \$0.0001 par value, 2,000,000 shares issued and outstanding	200	200
Common stock: 10,000,000,000 shares authorized of \$0.0001 par value, 6,539,769,407 shares and 5,970,738,824 shares issued and outstanding respectively	653,977	597,074
Additional paid-in capital	6,599,694	6,521,056
Deficit accumulated prior to the development stage	(2,231,519)	(2,231,519)
Deficit accumulated during the development stage	<u>(7,248,178)</u>	<u>(7,152,777)</u>
 Total Stockholders' Equity (Deficit)	 <u>(2,225,848)</u>	 <u>(2,265,988)</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	 \$ <u>819,910</u>	 \$ <u>983,214</u>

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

SYNDICATION, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended September 30		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
REVENUE	\$ 5,709	\$ 12,429	\$ 14,420	\$ 23,372
OPERATING EXPENSES				
General, administrative & selling	139,852	166,613	430,682	464,788
Depreciation	5,662	5,677	17,013	17,027
Total Operating Expenses	145,514	172,290	447,695	481,815
OPERATING LOSS	(139,805)	(159,860)	(433,275)	(458,443)
OTHER INCOME (EXPENSES)				
Other Income (expenses)	162	(35)	351	(291,710)
Gain (Loss) on investments	-	-	-	-
Gain (Loss) on derivative	15,704	667,612	453,245	(420,257)
Interest expense	(37,973)	(55,557)	(115,721)	(164,927)
Total Other Income (Expenses)	(22,107)	612,020	337,875	(876,894)
INCOME (LOSS) BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	(161,912)	452,160	(95,400)	(1,335,337)
INCOME TAX EXPENSE	-	-	-	-
Income (Loss) from Continuing Operations	(161,912)	452,160	(95,400)	(1,335,337)
LOSS FROM DISCONTINUED OPERATIONS	-	-	-	-
NET (INCOME) LOSS	\$ (161,912)	\$ 452,160	\$ (95,400)	\$ (1,335,337)
LOSS PER SHARE FROM CONTINUING OPERATIONS	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)
LOSS FROM DISCONTINUED OPERATIONS	-	-	-	-
BASIC INCOME (LOSS) PER SHARE	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	6,094,882,450	3,239,886,503	6,009,889,505	2,869,123,238

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

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

Additional Stock Stock

	<u>Common Stock</u>		<u>Paid-In</u>	<u>Deferred</u>	<u>Subscriptions</u>	<u>Warrants</u>	<u>Accumulated</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Fees</u>	<u>Payable</u>	<u>Payable</u>	<u>Deficit</u>
Net Income (Loss) for the quarter ended Sep 30, 2010	-	-	-	-	-	-	(161,912)
Balance on Sep 30, 2010	6,539,769,407	653,977	6,599,694	-	-	-	(9,479,697)

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

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

	For the Nine Months Ended	
	September 30,	
	2010	2009
Net Income (Loss)	\$ (95,400)	\$ (1,335,337)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to reconcile net loss to net cash provided (used) in operating activities:		
Amortization of debt offering costs	-	6,980
Amortization of leased equipment	10,205	10,205
Depreciation Expense	6,808	6,823
Loss (Gain) on derivative liability	(453,245)	420,257
Shares issued for services/cash	30,000	424,000
(Increase) decrease in operating assets:		
Prepaid expenses	2,064	70
Trust activity	680	-
Increase (decrease) in operating liabilities:		
Accounts payable	2,293	(5,537)
Accounts payable – related party	287,928	155,299
Payroll liabilities	-	221
Interest payable – convertible debentures	41,739	53,104
Interest payable – related party	44,469	14,073
Interest payable – others	25,006	4,679
Current portion of LT debt	(108,735)	284,624
Debt pending share allocation	4,800	-
Current portion of LT debt – Obligations under Capital lease	1,109	(3,900)
Rounding adjustments	-	(1)
Net Cash Provided (Used) in Operating Activities	(200,278)	245,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Pinnacle Energy	-	-
Investments in SRE SC	(596,169)	-
Incorporation expenses	-	-
Net Cash held in Investing Activities	(596,169)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Common Stock issued on conversion of debt	105,540	-
Notes payable – related party	(38,950)	280
Lease payments under Capital Lease	(9,857)	(1,326)
Net Cash Provided by (Used in) Financing Activities	56,733	(1,046)
NET INCREASE (DECREASE) IN CASH	(739,714)	244,290
CASH, BEGINNING OF PERIOD	890,214	4,790
CASH, END OF PERIOD LESS CASH HELD IN INVESTMENTS	\$ 150,500	\$ 249,080

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	\$	105,540	\$	-
Common stock issued for services/cash	\$	30,000	\$	955,400
Common stock rescission	\$	-	\$	-
Common stock converted from preferred stock	\$	-	\$	-
Preferred stock issued for fee	\$	-	\$	84

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

SYNDICATION, INC. AND SUBSIDIARY
Notes to the Condensed Consolidated Financial Statements
September 30, 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 September 30, 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 \$14,420 and incurred expenses and has sustained losses. For the period from its inception as a development stage enterprise through September 30, 2010, the Company has accumulated losses of \$7,248,178.

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 3rd Quarter close, the Company had cash resources totaling \$746,669 consisting of \$150,500 in cash and \$596,169 in cash investments, 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

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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 September 30, 2010, the Company converted \$697,435 of its debenture to equity reducing the outstanding debenture balance from \$1,150,000 to \$452,565.

NOTE 4 - CAPITAL LEASE OBLIGATION

Property and equipment includes the following amounts for capitalized leases at September 30, 2010:

Surgical Treatment equipment	\$	95,246
Less: accumulated depreciation and amortization		<u>(47,623)</u>
		<u>\$47,623</u>

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

2010	\$	5,807
2011		23,227
2012		<u>19,356</u>
Total	\$	48,390
Less: Amount representing interest		<u>(5,762)</u>
	\$	42,628
Less: Current portion		<u>(19,142)</u>
Long term portion	\$	<u>23,486</u>

NOTE 5 – MATERIAL BOARD RESOLUTIONS / SUBSEQUENT EVENTS

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ITEM 1 July 2nd, 2010; \$592,000 Escrow

On July 2nd, 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 responsible for the overall development activities of the project. They included the time 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 4th 2010; Board Rejects Marshall Employment Contract;

On August 4th 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 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.

NOTE 5a- SUBSEQUENT EVENTS

ITEM 1 September 14th, 2010; 20% SALE of SRE, S.C.

On September 14th, 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 2 October 7th 2010; Dividend Approval

On October 7th, 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

ITEM 3 December 22nd 2010; Board Agrees to Schedule Resolution;

On December 22nd 2010 the Board of Directors held a meeting in which the 1st Quarter 2011 agenda was resolved. The BOD passed resolutions on our warehouse purchase, 20% stake sale of Sentinel Renewable Energies, (the Company's subsidiary), and the 1st Quarter dividend distribution policy. The Board further stated that it's their intent to aggressively launch into the new year. In early January 2011 the Company will begin to release announcements on the specific terms and arrangements surrounding the approved agenda.

ITEM 5 01/04/11; 20% Sale of Sentinel Renewable Energy Inc.

The CEO executed a Stock Purchase Agreement, (SPA), to sell 20% of Sentinel Renewable Energy Inc., the Company's Bio-Diesel Manufacturing project in South Carolina to Better Environment Concepts Inc., a Delaware Corporation, (BECI), trading OTC.BB, over the counter on the Pink Sheets, under the symbol, (BEEN.PK). In

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exchange for the sale BECI provided, among other concessions, a \$1,000,000 conditional draw down debenture investment and 10% of BECI's Common Stock.

ITEM 6 01/12/11; Prepare Financials for Initial Audit Review;

The Board authorized the CEO to take the necessary steps with the CFO to begin reviewing the last 2 years of financial reports and make necessary adjustments as preparation for the Company's initial audit review. The changes made are generally related to categorization, grouping and reporting style and In the Company's opinion are Non-Material in nature but, would be required under a more scrutinized regulatory review.

ITEM 7 01/17/11; Dividend Distribution Policy and Declaration Date;

The Board charged the CEO with the responsibility of picking a Dividend Declaration Date for our next dividend and to propose a dividend distribution schedule for the next year. The dividend declaration schedule should include both the Company's (Syndication Inc.), common stock and the dividend payout of the Company's position of Better Environment Concepts Inc. common stock.

The Board asked the CEO to look into the possibility of providing the Company's shareholders an affordable service that would enable them to have the restrictive legends on their dividend shares lifted. The Board suggested that the service should include the legal opinion, reissuance of their certificate and return postage.

ITEM 8 01/20/11; Bio-Diesel Conference and Expo, Phoenix, AZ; February 6-9

The Board authorized the CEO and President of the Company to attend the Bio-Diesel Conference Expo in Phoenix, AZ. scheduled for the dates of February 6th through the 9th 2011. They are scheduled to represent the Company's subsidiary, Sentinel Renewable Energy Inc. to additional feed stock suppliers, off take buyers and potential staff for the bio-diesel manufacturing plant in South Carolina.

ITEM 9 01/26/11; Order 2nd Opinion on Lake City S.C. Warehouse Roof Repair;

The Board charges the CEO with the responsibility of procuring a 2nd opinion estimate on the cost of repairing the roof of the Lake City, warehouse.

ITEM 10 01/29/11; News;

The Board authorizes the CEO to release news to the public, at the discretion of his office, on the Company's completed transactions.

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