



Safeguard Security Holdings, Inc.

Safeguard Security Holdings, Inc.

Nine Months Reporting Package

Unaudited

As of March 31, 2011



Safeguard Security Holdings, Inc.
Consolidated Balance Sheet
Nine Months Ending March 31, 2011

ASSETS	
Current Assets	
Cash	(36,294)
Reserve - Loan Payment	66,854
Accounts Receivable	169,829
Inventory	0
Prepays, Deposits	177,684
Other Current Assets	32,381
Total Current Assets	<u>410,454</u>
Fixed Assets	360,238
Other Assets	
Investments	4,012,500
Goodwill	626,118
Related Parties	3,488,628
Other Assets	51,058
Total Other Assets	<u>8,178,304</u>
TOTAL ASSETS	<u><u>8,948,996</u></u>
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	607,025
Accrued Expenses	1,589,649
Short Term Borrowing	1,101,291
Other Current Liabilities	21,678
Total Current Liabilities	<u>3,319,643</u>
Long-Term Liabilities	
Notes Payable	1,182,588
Long-Term Accounts Payable	319,844
Other Long-Term Liabilities	121,911
Total Long-Term Liabilities	<u>1,624,343</u>
TOTAL LIABILITIES	<u><u>4,943,986</u></u>
EQUITY	
Common Stock & Paid In Capital	25,603,786
Subordinated Debt - Convertible Debenture	1,719,445
Retained Earnings	(22,248,028)
Current Net Income	(1,070,193)
TOTAL EQUITY	<u>4,005,010</u>
TOTAL LIABILITIES & EQUITY	<u><u>8,948,996</u></u>

Currency: U.S. Dollars \$
Rounded To The Nearest Dollar



Safeguard Security Holdings, Inc.

Safeguard Security Holdings, Inc
Consolidated Income Statement
July 1, 2010 - March 31, 2011

TOTAL REVENUE	7,263,992
COST OF GOODS SOLD	6,003,099
GROSS MARGIN	1,260,894 17.36%
OPERATING EXPENSES	
Salaries & Employee Related Expenses	797,494
Rent and Related Expenses	237,084
Office Related Expenses	56,828
Business Development Expenses	104,683
Legal, Professional and Contract Expenses	283,090
Insurance Expenses	46,883
Tax Expenses	62,402
Other Operating Expenses	37,000
TOTAL OPERATING EXPENSES	<u>1,625,465</u>
EBITDA	(364,571)
Interest Expense	620,478
Depreciation	85,143
NET INCOME (LOSS)	<u><u>(1,070,193)</u></u>

Currency: U.S. Dollars \$
Rounded To The Nearest Dollar



Safeguard Security Holdings, Inc.

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(214) 393-6990

Re: Issued and Outstanding Shares

The total issued and outstanding shares of Safeguard Security Holdings, Inc.
as of March 31, 2011 is 3,674,035,489.

Safeguard Security Holdings, Inc.
 Consolidated Statement of Stockholders Equity
 For the Three Months Ending March 31, 2011

Currency: U.S. Dollars

	Common Stock Par	Paid-in Capital in Excess of Par	Convertible Debenture	Retained Earnings	Treasury Stock	Total Stockholders Equity
Balance on December 31, 2010	532,587	24,931,199	1,719,445	(22,827,887)	0	4,355,344
Issuance of additional shares for cash	140,000					140,000
Purchase of Treasury Stock						0
Net Income				(490,334)		(490,334)
Cash Dividends						0
Stock Dividend						0
Adjustment						0
Balance on March 31, 2011	<u>672,587</u>	<u>24,931,199</u>	<u>1,719,445</u>	<u>(23,318,221)</u>	<u>0</u>	<u>4,005,010</u>

The above statement fulfills the requirement for a statement of retained earnings and equity account information disclosures. It is rounded to the nearest dollar using the currency of the U.S.A.