

FINANCIAL STATEMENTS

AND

ACCOUNTANTS' COMPILATION REPORT

RIVERSIDE TECHNOLOGIES, INC.

(A Development Stage Company)

From May 24, 2006 (date of reincorporation) through December 30, 2006

## CONTENTS

	<b>Page</b>
' Compilation Report	F-1
Financial Statements:	
Balance Sheets	F-2
Statements of Operations	F-3
Statement of Stockholders' Equity (Deficit)	F-4
Statements of Cash Flows	F-5
Notes to Financial Statements	F-6 to F-7

*Notes to Compilation Report*

RIVERSIDE TECHNOLOGIES, INC.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As indicated in Note 2, the Company has sustained net operating losses and has no revenue activities. Management's plans are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. The accompanied financial statements have been prepared internally without audit or other outside review.

RIVERSIDE TECHNOLOGIES, INC.  
PO Box 553  
Morrison, CO 80465



**RIVERSIDE TECHNOLOGIES, INC**  
**(A Development Stage Company)**  
**Statement of Operations**  
**From May 24, 2006 (date of reincorporation) through December 30, 2006**

REVENUE		\$ <u>          —</u>
EXPENSES:		
Management expense		1,000
		<u>1,000</u>
Income (loss) from operations		<u>(1,000)</u>
Income (loss) before provision for income taxes		(1,000)
Provision for income tax		<u>          —</u>
Net income (loss)		<u>\$ (1,000)</u>
Net income (loss) per common share (Basic and fully diluted)		* <u>          —</u>
Weighted average number of common shares outstanding		<u>735,017</u>

\*Less than \$0.01 per share

The accompanying notes to financial statements are an integral part of this statement.

**RIVERSIDE TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Statement of Stockholders' Equity**  
**From May 24, 2006 (date of reincorporation) through December 30, 2006**

	<u>Common Stock</u>		<u>Deficit Accumulated During Development Stage</u>	<u>Retain Earnings (Deficit)</u>	<u>Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balances at May 24, 2006	56,365	\$ 56	\$ —	\$ (56)	\$ —
Acquisition of treasury share		—	—	—	—
Reinsurance of treasury stock at cost		—	—	—	—
Compensatory stock issuances (1)	1,000,000	1,000	—	—	1,000
Net income loss		—	(1,000)	—	(1,000)
Balances at August 3, 2006	<u>1,056,365</u>	<u>\$ 1,056</u>	<u>\$ (1,000)</u>	<u>\$ (56)</u>	<u>\$ —</u>

(1) Includes 1,000,000 restricted shares issued to Hoss Capital, LLC October 12, 2006 in exchange for a management contract

The accompanying notes to financial statements are an integral part of this statement.

**RIVERSIDE TECHNOLOGIES, INC.**

**(A Development Stage Company)**

**Statements of Cash Flows**

**From May 24, 2006 (date of reincorporation) through December 30, 2006**

Cash flows from operating activities:			
Net income (loss)	\$	(1,000)	\$
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Common stock issued for services		<u>1,000</u>	
Net cash provided by operating activities		<u>—</u>	
Cash flows from financing activities:			
Net increase (decrease) in cash		<u>—</u>	
Net increase in cash		—	
Cash, beginning of period		<u>—</u>	
Cash, end of period	\$	<u>—</u>	\$

Supplemental disclosure of noncash investing and financing activities:

None

Supplementary disclosure of cash flow information:

Cash paid during period for interest	\$	—
Cash paid during period for income taxes	\$	—

**RIVERSIDE TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Notes to Financial Statements**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of FRASER INDUSTRIES, INC., is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements. The financial statements are stated in United States of America dollars.

Organization and Description of Business

The Corporation is currently incorporated in the State of Delaware effective as of May, 24, 2006.

The Corporation's primary business activity is to seek a candidate for merger or acquisition.

Revenue Recognition

Revenues are recognized in accordance with SEC Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." Under SAB 101, product revenues (or service revenues) are recognized when persuasive evidence of an arrangement exists, delivery has occurred (or service has been performed), the sales price is fixed and determinable and collectibility is reasonably assured. The Company does not currently have any revenue activities.

Use of Estimates

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Earnings (Loss) Per Share

Earnings (loss) per share of common stock are computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share are not shown for periods in which the Company incurs a loss because it would be anti-dilutive.

Income Taxes

The Company records deferred taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The statement requires recognition of deferred tax assets and liabilities for temporary differences between the tax bases of assets and liabilities and the amounts at which they are carried in the financial statements, based upon the

**RIVERSIDE TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Notes to Financial Statements**

enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Other

The Company's balance sheet date in the accompanying financial statements is as of December 30, 2006.

The Company paid no dividends during the period presented.

**Note 2 - Basis of Presentation – Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern. However, the Company has insufficient working capital and has no operations. This fact raises substantial doubt about the Company's ability to continue as a going concern. Management plans to seek a merger candidate or acquisition to take advantage of its stock trading status.

**Note 3 - Development Stage Company**

Based upon the Company's business plan, it is a development stage enterprise. Accordingly, the Company presents its financial statements in conformity with the accounting principles generally accepted in the United States of America that apply in establishing operating enterprises. As a development stage enterprise, the Company discloses the deficit accumulated during the development stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date.

**Note 4 - Stockholders' Equity**

The Company has 50,000,000 common shares of no par common stock authorized, and as of August 3, 2006 has 1,056,365 shares outstanding. In addition, the Company has 1,000,000 of preferred shares authorized that may be issued by classes and preferences as proscribed by the Board of Directors. There are no preferred shares outstanding as of December 30, 2006.

There were 1,000,000 shares issued on October 12, 2006 in exchange for contractual management services.

***RIVERSIDE TECHNOLOGIES, INC.***  
***(A Development Stage Company)***  
***Notes to Financial Statements***

**Note 5 - Related Party Transactions and Stock-based Compensation**

As indicated in Note 4, the Company issued 1,000,000 shares of its common stock for services giving the recipient control of the company and thereby becoming a related party.

**Note 6 – Income Taxes**

The Company has a net operating loss carry forward of \$1,000 that will expire in 2025. The Company has provided a valuation allowance for any deferred tax benefit that might result from a possible utilization of a net operating loss deduction. If there is a change in control, the loss carry forward utilization could be severely restricted.