

S3 Investment Company, Inc.
Statements of Operations
(unaudited)

	For the Nine Months Ended March 31, 2007	For the Three Months Ended March 31, 2007
Revenues	\$ <u>2,121,900</u>	\$ <u>532,215</u>
Total Revenues	<u>2,121,900</u>	<u>532,215</u>
Cost of Materials	<u>1,461,430</u>	<u>357,499</u>
Gross Profit	660,470	174,716
Operating Expenses		
Administrative fees	135,000	45,000
Consulting	1,830	-
Depreciation expense	7,163	2,388
Derivative expense	73,175	-
Financing costs	110,000	-
Interest expense	58	-
Investor relations	43,160	25,250
Payroll expenses	249,138	86,371
Professional fees	252,669	96,005
Travel and entertainment	187,051	54,658
General & Administrative expense	<u>187,756</u>	<u>92,310</u>
Total Operating Expenses	<u>1,247,000</u>	<u>401,982</u>
Net Operating Gain (Loss)	(586,530)	(227,266)
Other Income (Expense)		
Gain on forgiveness of debt	-	-
Realized loss on sale of stock	(93,144)	-
Unrealized loss on investment	<u>(140,347)</u>	<u>-</u>
Total Other Expense	<u>(233,491)</u>	<u>-</u>
Income (Loss) Before Income Taxes	(820,021)	(227,266)
Less Minority Interest	(91,878)	(15,247)
Income Tax Expense	-	-
Net Gain (Loss)	\$ <u>(911,899)</u> \$	\$ <u>(242,513)</u>
Net loss per share	\$ <u>(0.06)</u> \$	\$ <u>(0.02)</u>
Weighted Average Shares Outstanding	<u>15,004,866</u>	<u>16,000,000</u>

All per share and weighted average share data has been restated to reflect a one for one hundred fifty reverse split.

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