newAX, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

newAX, INC.
AND SUBSIDIARY

MARCH 31, 2006

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Cohen & Company
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BOARD OF DIRECTORS
newAX, INC. AND SUBSIDIARY

We have compiled the accompanying consolidated balance sheet of newAX, Inc. and subsidiary as of March 31, 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of consolidated financial statements information that is the representation of management. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Cohen & Company

May 26, 2006
Cleveland, Ohio

CONSOLIDATED BALANCE SHEET

MARCH 31, 2006

ASSETS

CURRENT ASSETS		
Cash and cash equivalents		$ 1,626,825
Interest receivable		5,717
Current portion of notes receivable		177,712
Deferred income taxes		2,190
		1,812,444
OTHER ASSETS		
Notes receivable	$ 1,262,711	
Marketable securities - At fair value	1,582,715	
Investment - At cost	250,000	
Deferred income taxes	3,210	3,098,636
		$ 4,911,080

LIABILITIES

CURRENT LIABILITIES		
Accrued expenses		$ 26,049
Accrued litigation settlement		703,633
		729,682
NOTES PAYABLE - RELATED PARTIES		893,099

SHAREHOLDERS' EQUITY

PREFERRED STOCK SERIES A - $5 par value; 200,000 shares authorized, none outstanding	$ -	
PREFERRED STOCK SERIES B - $.01 par value; 10,000,000 shares authorized, 1,594,197 issued, and 1,357,221 outstanding (liquidation preference $398,549)	15,942	
COMMON STOCK - $.01 par value; 15,000,000 shares authorized, 7,380,016 issued, and 2,317,354 outstanding	73,800	
ADDITIONAL PAID-IN CAPITAL	3,979,963	
RETAINED EARNINGS	2,809,349	
	6,879,054	
Less: Treasury stock - At cost - 5,299,638 shares	3,425,472	
Less: Accumulated other comprehensive loss	165,283	3,288,299
		$ 4,911,080

See Accountants' Compilation Report.

CONSOLIDATED STATEMENT OF INCOME

PERIOD FROM JULY 1, 2005 THROUGH MARCH 31, 2006

REVENUES AND OTHER ITEMS	
Interest and dividends	$ 223,159
Gain on termination of sale leaseback	824,551
Gain on termination on building capital lease	30,283
Gain on sale of assets	1,528,840
	2,606,833
EXPENSES AND OTHER ITEMS	
Board fees	38,500
Bonuses	425,000
Litigation settlement	83,000
Interest	26,049
Managment fees	156,634
Other	55,802
Professional fees	83,955
Transfer agent fees	25,976
	894,916
INCOME BEFORE INCOME TAXES	1,711,917
PROVISION (CREDIT) FOR INCOME TAXES	
Current	(21,100)
Deferred	854,600
	833,500
NET INCOME	$ 878,417
NET INCOME PER SHARE OF COMMON STOCK	
Basic:	
Net income per share	$ 0.22
Weighted average number of common shares outstanding	4,050,943
Diluted:	
Net income per share	$ 0.16
Weighted average number of common shares and common stock equivalents outstanding	5,645,140

See Accountants' Compilation Report.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

PERIOD FROM JULY 1, 2005 THROUGH MARCH 31, 2006

	SERIES B PREFERRED STOCK		COMMON STOCK					TREASURY STOCK		ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Accumulated unrealized gain (loss) on available for sale securities)	
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	NUMBER OF SHARES	AMOUNT		TOTAL
BALANCE - BEGINNING OF PERIOD	1,594,197	$ 15,942	6,217,930	$ 73,800	$ 3,979,963		$ 1,930,932	1,162,086	$ 337,807		$ 5,662,830
CONSOLIDATED NET INCOME						$ 878,417	878,417				878,417
TENDER OFFER	(236,976)		(3,900,576)					4,137,552	3,087,665		(3,087,665)
NET UNREALIZED LOSS ON MARKETABLE SECURITIES						(165,283)				$ (165,283)	(165,283)
						$ 713,134					
BALANCE - END OF PERIOD	1,357,221	$ 15,942	2,317,354	$ 73,800	$ 3,979,963		$ 2,809,349	5,299,638	$ 3,425,472	$ (165,283)	$ 3,288,299

STATEMENT OF CASH FLOWS

PERIOD FROM JULY 1, 2005 THROUGH MARCH 31, 2006

CASH FLOW USED IN OPERATING ACTIVITIES	
Net income	$ 878,417
Noncash items included in income	
Gain on sale of assets	(1,528,840)
Gain on termination of sale leaseback	(824,551)
Gain on termination on building capital lease	(30,283)
Deferred tax provision	854,600
Increase (decrease) in cash caused by changes in current items	
Interest receivable	6,244
Rebate receivable	174,000
Prepaid expenses	36,000
Accrued expenses and accrued litigation settlement	75,703
	(358,710)
CASH FLOW PROVIDED FROM INVESTING ACTIVITY	
Decrease in notes receivable	192,258
CASH FLOW USED IN INVESTING ACTIVITIES	
Purchase of marketable securities	(1,747,998)
Acquisition of treasury stock	(1,573,933)
	(3,321,931)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,488,383)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	5,115,208
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 1,626,825
NONCASH INVESTING AND FINANCING ACTIVITIES	
Issuance of notes payable in exchange for treasury stock	$ 893,099
Accrued additional acquisition of treasury stock	$ 620,633
Net unrealized loss on marketable securities	$ 165,283
SUPPLEMENTAL FINANCIAL INFORMATION	
Income taxes paid	$ 10,900

See Accountants' Compilation Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

newAX, Inc. (newAX), formerly known as Astrex, Inc., sold its operating business and substantially all of its assets for cash and other assets to RAD Electronics, Inc., a privately held Delaware corporation on July 1, 2005. newAX is in the initial stages of undertaking a search to acquire or enter into a new operating business.

Consolidation

The consolidated financial statements include the accounts of newAX and AVest, Inc., a wholly-owned subsidiary (collectively, the Company). AVest, Inc. is inactive. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Accounting Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

The Company considers all highly liquid, short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company's cash and cash equivalents are held in accounts with balances which, at times, may be in excess of the related federal depository insurance.

Marketable Securities

Marketable securities consist of equity securities classified as "available-for-sale". Securities classified as "available-for-sale" are carried in the consolidated financial statements at fair value. Realized gains and losses, determined using the specific identification method, are included in earnings; unrealized holding gains and losses are reported as a component of other comprehensive income, net of deferred income taxes.

Investments

Investments in companies where the Company holds less than a 20% voting interest are accounted for using the cost method, because the Company does not exercise significant influence over financial or operating policies of these companies. Additional investments in the investee increase the carrying value of the investment and distributions from the investee reduce the carrying value of the investment. At March 31, 2006, the Company holds less than a 20% ownership in a privately held corporation (the buyer) (see Note 2).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income taxes are accounted for under the asset and liability method under the provisions of SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered.

Net Income per Common Share

Net income per share is computed by dividing net income available to common stockholders (for the period) by the weighted average number of common shares outstanding during the same period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock or resulted in the issuance of common stock, which would then share in the earnings of the Company.

The following table sets forth the components used in the basic and dilutive net income per share calculation for the period ended March 31, 2006:

Numerator:	
Net income	$ 878,417
Denominator:	
Weighted average shares during the period	4,050,943
Effect of dilutive securities	
Effect of Convertible Series B Preferred	1,594,197
Denominator for diluted earnings per share adjusted weighted average shares after assumed conversions	5,645,140

2. SALE OF OPERATIONS

On July 1, 2005, the Company completed the sale of its operating business and substantially all of its assets for approximately $6,690,000 of cash and other assets, including shares of stock in the buyer. The Company recorded a gain on the sale of $1,528,840. As a result of the sale, the Company also recognized a gain on the sale – leaseback transaction entered into in 2004 of $824,551 and a gain on the termination of a capital lease of $30,283.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MARKETABLE SECURITIES

Marketable equity securities consisted of the following at March 31, 2006:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities March 2006	$1,747,998	$ 38,780	$ 204,063	$1,582,715

4. NOTES RECEIVABLE

At March 31, 2006, notes receivable consisted of the following:

Note, due from an entity substantially owned by certain officers, directors, and/or shareholders of the Company, with interest only payments at 7% through September 2009, when the outstanding balance is due; during the period ended March 31, 2006, the Company received $35,000 of the principal; guaranteed by all members of the Company	$ 140,000
Note, due from an entity, payable in monthly installments of $11,751, including interest at 8% through July 2008; option to convert into 331,200 shares (adjusted for payments to date) of common stock any time prior to maturity	299,242
Mortgage, due from an entity substantially owned by officers, directors, and/or shareholders of the Company, payable in monthly installments of $4,687, plus interest at 2% above LIBOR through September 2014 (LIBOR – 4.16%); rates are adjustable in September 2006; limited recourse guarantee by certain members of the Company	1,001,181
	1,440,423
Less: Current portion	177,712
	$ 1,262,711

Interest income on notes receivable for the period amounted to approximately $69,000, of which $18,250 was from the related party.

At March 31, 2006, future maturities of notes receivable are as follows:

2007	$ 177,712
2008	187,794
2009	242,486
2010	56,250
2011	56,250
Thereafter	719,931
	$1,440,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. NOTES PAYABLE – RELATED PARTIES

At March 31, 2006, the Company had three outstanding promissory notes payable to two directors on account of common stock tendered pursuant to the Tender Offer (see Note 7). The principal is due on October 31, 2025, with annual interest payments made payable in cash or "in kind" in the form of additional promissory notes. The notes bear interest at an annual rate of 7% through October 31, 2010, and an adjustable annual rate of the greater of 7% or LIBOR plus 3% thereafter. The notes are not expected to be paid within the next twelve months.

Interest incurred on the notes payable amounted to $26,049 for the period ended March 31, 2006.

6. INCOME TAXES

The provision (credit) for income taxes consists of:

Decrease in deferred tax asset from prior year	$ 1,553,300
Decrease in valuation allowance	(698,700)
Federal income tax paid	9,000
State income tax paid	1,900
Reversal of accrued federal income tax	(32,000)
Provision for income taxes	$ 833,500

Significant temporary differences that give rise to deferred tax assets are as follows:

Net operating loss carryforward (20% tax)	$ 1,016,300
Installment sale gain on note receivable	5,400
Total gross deferred tax asset	1,021,700
Less: Valuation allowance	1,016,300
Net deferred tax asset	5,400
Less: Current portion	2,190
	$ 3,210

At March 31, 2006, the Company has a net operating loss carryforward available for federal and state income tax purposes of approximately $5,300,000 expiring beginning in 2007 through 2025. During 1992, the Company experienced an ownership change, as defined by Section 382 of the Internal Revenue Code of 1986, as amended, and Section 383 of the Code. As a result of this event, the Company will be limited in its ability to use net operating loss carryforwards from 1992 in future years (the annual limitation is $453,000). The net operating loss carryforwards not subject to limitations amounted to approximately $3,779,000 at March 31, 2006. The valuation allowance increased during the period ended March 31, 2006, as management cannot opine that it is more likely than not that the Company will realize a future tax benefit from its net operating loss carryforward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SHAREHOLDERS' EQUITY

The Company has authorized the issuance of three classes of capital stock, one of which has never been issued. With respect to the two classes which have been issued, at March 31, 2006: i) 15,000,000 shares of Common Stock have been authorized of which 7,380,016 have been issued and 2,317,354 are outstanding; and ii) 10,000,000 shares of Series B Preferred Stock have been authorized of which 1,594,197 have been issued and 1,357,221 are outstanding. The Series B Preferred Stock a) is entitled to vote at the rate of twelve votes per share of Preferred Stock, on all matters that Common Stock is entitled to vote on; b) is not entitled to any preferential dividends and dividends declared for either class of capital stock must be declared for the other; c) is subject to severe restrictions on its transfer by sale or otherwise; and d) may be converted at any time at the option of the holder into Common Stock on a share-for-share basis.

In September 2005 the Company announced, and in October 2005 completed a Tender Offer for its outstanding capital stock, purchasing 3,900,576 shares of its Common Stock and 236,976 shares of its Series B Preferred Stock. The Tender Offer offered either fifty-five cents ($0.55) cash per share of capital stock or, if qualified, a seventy cent ($0.70) twenty-year subordinated promissory note with annual interest payable at the option of the Company in cash or "in kind" in form of additional promissory notes of like terms, per share of capital stock. Of the 4,137,552 tendered shares of capital stock purchased by the Company, 1,275,855 shares were purchased for notes with the balance purchased for cash. See also Note 9 "Subsequent Events" below.

8. RELATED PARTY TRANSACTIONS

The Company has arrangements with two companies, each owned by a different officer of the Company, which provide management services to the Company. Management fees for the period ended March 31, 2006, amounted to $156,634. The Company has retained the two companies to provide management services in the amount of $208,000 with respect to fiscal year-end March 31, 2007.

The Company manages its own investments but maintains a securities account with a brokerage company owned by two directors of the Company (one of whom is also an officer of the Company). During the period ended March 31, 2006, the Company paid this brokerage company $4,505 on account of the purchase and sale of securities at the direction of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. SUBSEQUENT EVENTS

In December 2005, the Company, together with four of its five directors, was sued in class action alleging in principle part that the Company's Tender Offer (see Note 7 above) was unfair, coercive and inadequately disclosed ("Class Action"). The Company and its defendant directors filed an Answer denying these allegations and believe they are without merit. However, the Company also believes that, even assuming eventual and complete vindication, the Class Action, or any litigation, would have a significant adverse effect both in terms of the monetary and time costs and in the delay and impairment the Company's business plans. Accordingly, in April 2006, the Class Action defendants entered into a Stipulation of Settlement Agreement whereby the parties to the Class Action resolved that Class Action subject to Court approval, which approval was granted in June 2006. The Settlement provides that the Company will pay an additional fifteen cents ($0.15) per tendered share to all tendering shareholders and $83,000 to the plaintiff's attorney for that attorney's fees and costs. The total cost of the Settlement to the Company will be approximately $704,000 and has been recorded in accrued litigation settlement.

In April 2006, in conjunction with the Company's announcement of the Class Action Settlement, the Company further advised that after resolution of the Class Action it contemplated, but could not assure, that there would be a reverse split of both outstanding classes of its capital stock at the rate one new share for several, yet to be determined, thousand old shares and with holders of any resulting fractional interests having a choice of seventy cents ($0.70) cash per old share or one uncertificated scrip per old share, which can be accumulated over the following, approximate, year and exchanged with the Company for a new share at the rate of seventy scrip for a new share.