newAX, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2007

newAX, INC.
AND SUBSIDIARY

MARCH 31, 2007

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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, 2007, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year 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

July 11, 2007
Cleveland, Ohio

CONSOLIDATED BALANCE SHEET

MARCH 31, 2007

ASSETS

CURRENT ASSETS		
Cash and cash equivalents		$ 1,513,645
Interest receivable		7,449
Current portion of notes receivable		1,191,787
		2,712,881
OTHER ASSETS		
Notes receivable	$ 46,236	
Marketable securities - At fair value	189,625	
Investment - At cost	250,000	485,861
		$ 3,198,742

LIABILITIES

CURRENT LIABILITIES			
Notes payable - Related parties			$ 893,098
Accrued interest			90,392
			983,490

SHAREHOLDERS' EQUITY

PREFERRED STOCK SERIES A - $5 par value; 500 shares authorized, none outstanding			
PREFERRED STOCK SERIES B - $.01 par value; 1,600 shares authorized, 167 issued and outstanding (liquidation preference $255,000)	$ 15,942		
COMMON STOCK - $.01 par value; 2,500 shares authorized, 292 issued and outstanding	73,800		
ADDITIONAL PAID-IN CAPITAL	3,979,963		
RETAINED EARNINGS	2,441,961		
	6,511,666		
Less: Treasury stock - At cost - 770,367 shares	4,089,614		
Less: Accumulated other comprehensive loss	206,800		2,215,252
			$ 3,198,742

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2007

REVENUES	
Interest and dividends	$ 211,052
EXPENSES AND OTHER ITEMS	
Board fees	50,000
Interest	64,340
Loss on sale of assets	178,430
Managment fees	208,000
Other	8,070
Professional fees	26,210
Transfer agent fees	51,423
	586,473
LOSS BEFORE INCOME TAXES	(375,421)
CREDIT FOR INCOME TAXES	8,033
NET LOSS	$ (367,388)
NET LOSS PER SHARE OF COMMON STOCK	
Basic:	
Net loss per share	$ (800.41)
Weighted average number of common shares outstanding	459

newAX, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED MARCH 31, 2007

	SERIES B PREFERRED STOCK		COMMON STOCK		ADDIT
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT	PA CAP
BALANCE - BEGINNING OF YEAR	1,594,197	$ 15,942	2,317,354	$ 73,800	$ 3,9
CONSOLIDATED NET LOSS					
REVERSE STOCK SPLIT	(1,594,030)		(2,317,062)		
NET UNREALIZED LOSS ON MARKETABLE SECURITIES					
BALANCE - END OF YEAR	167	$ 15,942	292	$ 73,800	$ 3,9

COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TREASURY STOCK NUMBER OF SHARES	TREASURY STOCK AMOUNT	ACCUMULATED OTHER COMPREHENSIVE LOSS (Accumulated unrealized loss on available for sale securities)	TOTAL
	$ 2,809,349	5,299,638	$ 3,425,472	$ (165,283)	$ 3,288,299
$ (367,388)	(367,388)				(367,388)
		(4,529,271)	664,142		(664,142)
(41,517)				(41,517)	(41,517)
$ (408,905)					
	$ 2,441,961	770,367	$ 4,089,614	$ (206,800)	$ 2,215,252

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2007

CASH FLOW USED IN OPERATING ACTIVITIES	
Net loss	$ (367,388)
Noncash items included in net loss	
Sale of marketable securities	178,430
Deferred income taxes	5,400
Decrease in cash caused by changes in current items	
Interest receivable	(1,732)
Accrued expenses	(639,290)
	(824,580)
CASH FLOW PROVIDED FROM INVESTING ACTIVITIES	
Payments on notes receivable	202,400
Acquisition of treasury stock	(664,142)
	(461,742)
CASH FLOW PROVIDED FROM FINANCING ACTIVITY	
Proceeds from sale of marketable securities	1,173,142
NET DECREASE IN CASH AND CASH EQUIVALENTS	550,962
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,626,825
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,177,787
NONCASH INVESTING AND FINANCING ACTIVITIES	
Net unrealized loss on marketable securities	$ 41,517
SUPPLEMENTAL FINANCIAL INFORMATION	
Income taxes paid	$ 6,718

See Accountants' Compilation Report and notes to the financial statements.

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.

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, 2007, the Company holds less than a 20% ownership in a privately held corporation.

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.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 – *Accounting for Uncertainty in Income Taxes* that requires the tax effects of certain tax positions to be recognized. These tax positions must meet a "more likely than not" standard that, based on their technical merits, have a more than 50 percent likelihood of being sustained upon examination. FASB Interpretation No. 48 is effective for fiscal periods beginning after December 15, 2006. At adoption, the financial statements must be adjusted to reflect only those tax positions that are more likely than not to be sustained. Management of the Company is currently evaluating the impact that FASB Interpretation No. 48 will have on the Company's financial statements.

Net Loss per Common Share

Net loss per share is computed by dividing net loss available to common stockholders (for the period) by the weighted average number of common shares outstanding during the same period.

The following table sets forth the components used in the net loss per share calculation for the year ended March 31, 2007:

Numerator:	
Net loss	$ (367,388)
Denominator:	
Weighted average shares during the period	459
Net loss per share	$ (800.41)

2. MARKETABLE SECURITIES

Marketable equity securities consisted of the following at March 31, 2007:

	Amortized Cost	Gross Unrealized Losses	Fair Value
Available-for-sale equity securities	$ 396,425	$ 206,800	$ 189,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. NOTES RECEIVABLE

At March 31, 2007, notes receivable consisted of the following:

Unsecured 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 year ended 2007, the Company received $20,000 of the principal; guaranteed by all members of the Company; repaid in July 2007	$ 120,000
Unsecured note, due from an unrelated 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	177,780
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%); limited recourse guarantee by certain members of the Company; repaid in June 2007	940,243
	1,238,023
Less: Current portion	1,191,787
	$ 46,236

Interest income on notes receivable for the year amounted to approximately $91,000, of which approximately $81,000 was from the related party.

At March 31, 2007, future maturities of notes receivable are as follows:

2008	$1,191,787
2009	46,236
	$1,238,023

4. NOTES PAYABLE – RELATED PARTIES

At March 31, 2007, the Company had three outstanding promissory notes payable to two directors. The principal on such notes 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 were repaid in full in July of 2007.

Interest incurred on the notes payable amounted to $64,340 for the year ended March 31, 2007. At March 31, 2007, the Company has accrued interest on the notes payable of $90,392.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INCOME TAXES

At March 31, 2007, 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 $3,783,000 at March 31, 2007, which resulted in a deferred tax asset of approximately $1,067,400 (10% tax). The amount is fully reserved through a valuation allowance 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.

6. SHAREHOLDERS' EQUITY

In August 2006, the Company completed a Reverse Stock Split providing for an exchange of one new share of stock for every 6,000 shares of outstanding common and preferred stock. Fractional shares of the old outstanding capital stock as a result of the transaction were purchased at seventy cents ($0.70) per share by the Company.

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, subsequent to a reverse stock split of 6,000 to 1, at March 31, 2007, there are: i) 2,500 shares of Common Stock have been authorized of which 292 have been issued and are outstanding; and ii) 1,600 shares of Series B Preferred Stock have been authorized of which 167 have been issued and 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.

7. 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 year ended March 31, 2007, amounted to $208,000.

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 year ended March 31, 2007, the Company paid this brokerage company $12,600 for the purchase and sale of securities at the direction of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SUBSEQUENT EVENTS

In June 2007, the Company began to repurchase 93 shares of its common (78) and preferred (15) stock held by a shareholder of the Company in the amount of $3,979 per share. In addition, the shareholder will be distributed a 22.58% interest in the Company's investment in the privately held corporation. The investment will continue to be managed at the Company's discretion without duty of care to the interest of the shareholder.

9. FAIR VALUE INSTRUMENTS

In September 2006, FASB issued Statement on Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosure about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

The changes to current generally accepted accounting principles from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosure about fair value measurements. Management is currently evaluating the impact the adoption of SFAS No. 157 will have on the financial statements.