

The Suggestion Box, Inc. and Subsidiary  
(A Development Stage Company)  
UNAUDITED CONSOLIDATED BALANCE SHEET  
June 30, 2007

**ASSETS**

**CURRENT ASSETS:**

Cash	\$	8,840
		8,840
Total Current Assets		8,840

**PROPERTY AND EQUIPMENT, NET**

13,849

**OTHER ASSETS**

Patent application pending		5,000
		5,000
		\$ 27,689

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts Payable	\$	766,807
Advances from related party		227,354
Accrued interest, related party		2,445
Accounts Payable, intercompany		6,833,981
Note payable		52,146
Accrued Payroll and Payroll Taxes		609,506
Accrued Liabilities		912,907
		9,405,146
Total Current Liabilities		9,405,146

**COMMITMENTS AND CONTINGENCIES**

**STOCKHOLDERS' DEFICIT**

Preferred stock, \$.01 par value, 10,000,000 shares authorized, none outstanding		
Common stock, \$.01 par value, 40,000,000 shares authorized 17,456,400 issued and outstanding		174,564
Additional paid in capital		121,466
Accumulated deficit		(8,386,326)
Accumulated deficit in development stage		(1,287,160)
		(9,377,456)
Total Stockholders' Deficit		(9,377,456)

<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$</b>	<b>27,689</b>
		<b>27,689</b>

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

The Suggestion Box, Inc. and Subsidiary  
(A Development Stage Company)  
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	For the Six Months ended June 30, 2007	From Inception December 30, 2004) through June 30, 2007
NET SALES	\$ 4,904	\$ 15,444
OPERATING EXPENSES:		
Selling	-	-
General and Administrative	328,820	1,122,611
Research and development	42,171	177,548
Total Operating Expenses	370,991	1,300,159
LOSS FROM OPERATIONS	(366,087)	(1,284,715)
OTHER INCOME (EXPENSE):		
Interest income, related party		5,226
Interest expense, related party	(7,671)	(7,671)
Total Other Income (Expense)	(7,671)	(2,445)
NET LOSS	\$ (373,758)	\$ (1,287,160)
NET LOSS PER SHARE - BASIC AND DILUTED	\$ (0.02)	
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED	17,298,981	

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

The Suggestion Box, Inc. and Subsidiary  
(A Development Stage Company)  
UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY  
FOR THE PERIOD FROM INCEPTION (DECEMBER 30, 2004) THROUGH JUNE 30, 2007

	<u>Common Stock</u>		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2004	2,000,000	\$ 20,000	\$ 16,060,927	\$ 24,382,894)	\$ 8,301,967)
Net loss, December 31, 2005				(280,134)	(280,134)
Balance, December 31, 2005	2,000,000	20,000	16,060,927	(24,663,028)	(8,582,101)
Common stock issued for services	125,000	1,250	13,750		15,000
Common stock issued for subsidiary stock in reverse merger	15,023,000	15,023	337,232	(418,816)	(66,561)
Effects of recapitalization and reverse merger		135,207	(16,411,909)	16,276,702	-
Net loss, December 31, 2006				(494,586)	(494,586)
Balance December 31, 2006	17,148,000	171,480	-	(9,299,728)	(9,128,248)
Common stock sold	3,400	34	2,516		2,550
Common stock issued for services at \$.50	205,000	2,050	99,950		102,000
Common stock issued for services at \$.20	100,000	1,000	19,000		20,000
Net loss, June 30, 2007				(373,758)	(373,758)
Balance, June 30, 2007	17,456,400	\$174,564	\$121,466	\$(9,673,486)	\$(9,377,456)

The accompanying notes are an integral part of these financial statements

**THE SUGGESTION BOX, INC. and Subsidiary (A Development Stage Company)**

**NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS**

The Suggestion Box, Inc., a Texas corporation f/k/a DA Consulting Group, Inc. (Sbox TX") was formed on November 22, 1993 in the State of Texas. The purpose of the Sbox TX was to provide management and consulting services. Sbox TX is currently in bankruptcy proceedings under Chapter 7 of the US Bankruptcy Code. Sbox TX' liabilities will not be discharged upon completion of the bankruptcy proceeding. While it is possible that Sbox TX could be liquidated in connection with the Chapter 7 bankruptcy proceeding, Sbox TX anticipates that the Chapter 7 bankruptcy proceeding will come to closure, without it being liquidated, during the first calendar quarter of 2008. On or around July 1, 2006, Sbox TX purchased all of the issued and outstanding common stock of The Suggestion Box, Inc., a Nevada corporation ("Sbox NV"), in exchange for 15,023,000 shares of its common stock. This acquisition transaction has been accounted for as a reverse acquisition, because the shareholders of Sbox NV owned more than a majority of the outstanding common stock of Sbox TX after giving effect o the acquisition. The combination of the two companies was treated as a recapitalization of Sbox NV, pursuant to which it is treated as the continuing enterprise, although Sbox TX is the legal acquirer. The consolidated financial statements include the operations of Sbox NV from December 30, 2004 (inception) to December 31, 2006 and the operations of Sbox TX from July 1, 2006 to December 31, 2006. Sbox NV was formed to develop an internet portal and related technology and services. These financial statements include the consolidated financial information for both Sbox NV and Sbox TX. Sbox NV and Sbox TX are hereinafter collectively referred to as the "Company."

**NOTE 2 – BASIS OF PRESENTATION**

The Company incurred a net loss of \$373,758 for the six months ended June 30, 2007. In addition, the Company had a working capital deficiency of \$9,396,306 and a stockholders' deficiency of \$9,377,456 at June 30, 2007. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

During the six months ended June 30, 2007, the Company relied on the sales of stock to fund its operations. There can be no assurances that the sales of the Company's common stock will be able to continue to provide the needed funds. The Company is addressing its lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents** - The Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Principles of Consolidation** - The consolidated financial statements include the accounts of The Suggestion Box, Inc. and its wholly-owned subsidiary. All significant inter-company transactions and accounts have been eliminated in consolidation.

**Fair Value of Financial Instruments** – The carrying amounts of cash, accounts payable, accrued liabilities and other current liabilities, and notes and loans payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

**Revenue Recognition** –The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, “Revenue Recognition” (SAB No. 104”), which superseded Staff Accounting Bulletin No. 101, “Revenue Recognition in Financial Statements” (SAB No. 101”). SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgment regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded.

**Research and Development** - Research and development costs are expensed as incurred, and include the costs of programming and website design. Research expense was \$42,171 for the six months ended June 30, 2007.

**Income Taxes** - The Company accounts for income taxes under the asset and liability method using SFAS No. 109, “Accounting for Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. 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 or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Accounting Estimates** - The preparation of financial statements in conformity with generally-accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Recently-Enacted Accounting Standards** – In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption.

FIN 48 is effective for the Company's year end 2007, although early adoption is permitted. The Company is assessing the potential effect of FIN 48 on its financial statements.

**Loss Per Share** - The computation of loss per share is based on the weighted average number of common shares outstanding during the period presented. Diluted loss per share is the same as basic loss per share, as the Company has no potentially dilutive securities.

#### **NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2007 consist of the following:

Vehicle	\$8,929
Office equipment	3,840
Leasehold improvements	<u>3,357</u>
	16,126
Less accumulated depreciation And amortization	<u>2,276</u>
	<u>\$13,850</u>

Depreciation was \$1,532 for the six months ended June 30, 2007.

#### **NOTE 5 – DEFINITE-LIFE INTANGIBLE ASSETS**

Definite-life intangible assets at June 30, 2007 consist of the following:

Patent applications pending	<u>\$ 5,000</u>
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#### **NOTE 6– ACCOUNTS PAYABLE – UNCONSOLIDATED AFFILIATES:**

This represents amounts owed and incurred by Sbox TX pre-bankruptcy.

#### **NOTE 7 - STOCKHOLDERS' DEFICIENCY**

During 2005 the Company sold 1,568,000 shares of common stock at \$.125 per share for a total of \$196,000 and paid a cash finder's fee of \$6,000. The Company issued 12,255,000 shares of common stock at par value, for a total of \$12,255, to its founder, and recorded a stock subscription receivable.

During 2006 the Company issued 125,000 shares of stock, valued at \$15,000, to consultants for services. In addition, the Company sold 1,200,000 shares of common stock for \$150,000.

During 2006 the Company effected a 20 for 1 reverse split. All share and per share data have been retroactively restated to reflect this recapitalization.

During 2007, the Company sold 3,400 shares of stock for \$.75 per share totaling \$2,550. The Company issued 205,000 shares of stock to consultants for services, valued at \$102,000, and 100,000 shares of stock to consultants for services, valued at \$20,000.

#### **NOTE 8 – COMMITMENTS AND CONTINGENCIES**

The Company currently has no product liability insurance in force and it cannot be certain that it can cover the risks associated with such lack of insurance or that it will be able to obtain and/or maintain such insurance to cover these risks at economically feasible premiums.

#### **NOTE 9 – RELATED PARTY TRANSACTIONS**

**The Company rents approximately 1850 square feet of office space from its majority stockholder at a monthly cost of \$2,000. At June 30, 2007, the Company owed \$54,000 in accrued rent to its majority stockholder.**

#### **NOTE 10 -- SUBSEQUENT EVENTS**

**On August 6, 2007, the Company entered into a Promissory Note (“Note”), Security agreement and Patent Security Agreement with its majority stockholder, under which such stockholder was granted a security interest in all the Company’s assets. The Note was in the original principal amount of approximately \$460,000 (including \$20,000 advanced on the date of the Note and \$26,000 in accrued interest).**

**In October, 2007, the Company’s majority stockholder converted \$300,000 in principal amount owing to him under the Note into three million shares of the Company’s common stock, \$.01 par value.**

The Suggestion Box, Inc. and Subsidiary  
(A Development Stage Company)  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
December 31, 2006

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 4,105
Accrued interest receivable, related party	5,226

Total Current Assets 9,331

**PROPERTY AND EQUIPMENT, NET** 8,185

**OTHER ASSETS**

Patent application pending	-
	5,000

\$ 22,516

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts Payable	\$ 761,660
Advances from related party	11,310
Accounts Payable, unconsolidated affiliate	6,848,981
Note payable	52,146
Accrued Payroll and Payroll Taxes	523,903
Accrued Liabilities	952,764

Total Current Liabilities 9,150,764

**COMMITMENTS AND CONTINGENCIES**

**STOCKHOLDERS' DEFICIT**

Preferred stock, \$.01 par value, 10,000,000 shares authorized, none outstanding	
Common Stock, \$.01 par value 40,000,000 shares authorized 17,148,000 issued and outstanding	171,480
Accumulated deficit	(8,386,326)
Accumulated deficit in development stage	(913,402)

Total Stockholders' Deficit (9,128,248)

\$ 22,516

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

The Suggestion Box, Inc. and Subsidiary  
 (A Development Stage Company)  
 UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	For the twelve Months ended December 31, 2006	From Inception (December 30, 2004) through December 31, 2006
NET SALES	\$ 6,347	\$ 10,540
OPERATING EXPENSES:		
General and Administrative	452,717	793,791
Research and development	52,797	135,377
Total Operating Expenses	505,514	929,168
LOSS FROM OPERATIONS	(499,167)	( 918,628)
OTHER INCOME:		
Interest income, related party	4,581	5,226
Total Other Income (Expense)	4,581	5,226
NET LOSS	\$ (494,586)	\$ (913,402)
NET LOSS PER SHARE - BASIC AND DILUTED	\$ (0.03)	
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED	17,080,739	

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

The Suggestion Box, Inc. and Subsidiary  
(A Development Stage Company)  
UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY  
FOR THE PERIOD FROM INCEPTION (DECEMBER 30, 2004) THROUGH DECEMBER 31, 2006

	<u>Common Stock</u>		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2004	2,000,000	\$ 20,000	\$ 16,060,927	\$ (24,382,894)	\$ (8,301,967)
Net loss, December 31, 2005				(280,134)	(280,134)
Balance, December 31, 2005	2,000,000	20,000	16,060,927	(24,663,028)	(8,582,101)
Common stock issued for services	125,000	1,250	13,750		15,000
Common stock issued for subsidiary stock in reverse merger	15,023,000	15,023	337,232	(418,816)	(66,561)
Effects of recapitalization and reverse merger		135,207	(16,411,909)	16,276,702	-
Net Loss, 12/31/06				(494,584)	(494,584)
Balance December 31, 2006	17,148,000	\$ 171,480	\$ -	\$ (9,299,726)	\$ (9,128,246)

The accompanying notes are an integral part of these financial statements

**THE SUGGESTION BOX, INC. and Subsidiary (A Development Stage Company)**

**NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS**

The Suggestion Box, Inc., a Texas corporation f/k/a DA Consulting Group, Inc. (Sbox TX") was formed on November 22, 1993 in the State of Texas. The purpose of the Sbox TX was to provide management and consulting services. Sbox TX is currently in bankruptcy proceedings under Chapter 7 of the US Bankruptcy Code. Sbox TX' liabilities will not be discharged upon completion of the bankruptcy proceeding. While it is possible that Sbox TX could be liquidated in connection with the Chapter 7 bankruptcy proceeding, Sbox TX anticipates that the Chapter 7 bankruptcy proceeding will come to closure, without it being liquidated, during the first calendar quarter of 2008. On or around July 1, 2006, Sbox TX purchased all of the issued and outstanding common stock of The Suggestion Box, Inc., a Nevada corporation ("Sbox NV"), in exchange for 15,023,000 shares of its common stock. This acquisition transaction has been accounted for as a reverse acquisition, because the shareholders of Sbox NV owned more than a majority of the outstanding common stock of Sbox TX after giving effect to the acquisition. The combination of the two companies was treated as a recapitalization of Sbox NV, pursuant to which it is treated as the continuing enterprise, although Sbox TX is the legal acquirer. The consolidated financial statements include the operations of Sbox NV from December 30, 2004 (inception) to December 31, 2006 and the operations of Sbox TX from July 1, 2006 to December 31, 2006. Sbox NV was formed to develop an internet portal and related technology and services. These financial statements include the consolidated financial information for both Sbox NV and Sbox TX. Sbox NV and Sbox TX are hereinafter collectively referred to as the "Company."

**NOTE 2 – BASIS OF PRESENTATION**

The Company incurred a net loss of \$494,586 for the twelve months ended December 31, 2006. In addition, the Company had a working capital deficiency of \$9,141,433 and a stockholders' deficiency of \$9,128,248 at December 31, 2006. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

During the twelve months ended December 31, 2006, the Company relied on the sales of stock to fund its operations. There can be no assurances that the sales of the Company's common stock will be able to continue to provide the needed funds. The Company is addressing its lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof.

### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents** - The Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Principles of Consolidation** - The consolidated financial statements include the accounts of The Suggestion Box, Inc. and its wholly-owned subsidiary. All significant inter-company transactions and accounts have been eliminated in consolidation.

**Fair Value of Financial Instruments** – The carrying amounts of cash, accounts payable, accrued liabilities and other current liabilities, and notes and loans payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

**Revenue Recognition** –The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, “Revenue Recognition” (SAB No. 104”), which superseded Staff Accounting Bulletin No. 101, “Revenue Recognition in Financial Statements” (SAB No. 101”). SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgment regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded.

**Research and Development** - Research and development costs are expensed as incurred, and include the costs of programming and website design. Research expense was \$52,797 for the twelve months ended December 31, 2006.

**Income Taxes** - The Company accounts for income taxes under the asset and liability method using SFAS No. 109, “Accounting for Income Taxes.” Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. 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 or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Accounting Estimates** - The preparation of financial statements in conformity with generally-accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Recently-Enacted Accounting Standards** – In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing

authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption.

FIN 48 is effective for the Company's year end 2007, although early adoption is permitted. The Company is assessing the potential effect of FIN 48 on its financial statements.

**Loss Per Share** - The computation of loss per share is based on the weighted average number of common shares outstanding during the period presented. Diluted loss per share is the same as basic loss per share, as the Company has no potentially dilutive securities.

#### **NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2006 consist of the following:

Vehicle	\$8,929
Less accumulated depreciation And amortization	<u>744</u>
	<u>\$8,185</u>

Depreciation was \$744 December 31, 2006.

#### **NOTE 5 – DEFINITE-LIFE INTANGIBLE ASSETS**

Definite-life intangible assets at December 31, 2006 consist of the following:

Patent applications pending	<u>\$ 5,000</u>
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#### **NOTE 6– ACCOUNTS PAYABLE – UNCONSOLIDATED AFFILIATES:**

This represents amounts owed and incurred by Sbox TX pre-bankruptcy.

#### **NOTE 7 - STOCKHOLDERS' DEFICIENCY**

During 2005 the Company sold 1,568,000 shares of common stock at \$.125 per share for a total of \$196,000 and paid a cash finder's fee of \$6,000. The Company issued 12,255,000 shares of common stock at par value, for a total of \$12,255, to its founder, and recorded a stock subscription receivable.

During 2006 the Company issued 125,000 shares of stock, valued at \$15,000, to consultants for services. In addition, the Company sold 1,200,000 shares of common stock for \$150,000.

During 2006 the Company effected a 20 for 1 reverse split. All share and per share data have been retroactively restated to reflect this recapitalization.

#### **NOTE 8 - INCOME TAXES**

At December 31, 2006, the Company had available net-operating loss carry-forwards for Federal tax purposes of approximately \$26,000,000, which may be applied against future taxable income, if any, at various dates from 2023 through 2026. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carry-forwards.

At December 31, 2006, the Company had a deferred tax asset of approximately \$8,840,000 representing the benefit of its net operating loss carry-forwards. The Company has not recognized the tax benefit because realization of the tax benefit is uncertain and thus a valuation allowance has been fully provided against the deferred tax asset.

#### **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Company currently has no product liability insurance in force and it cannot be certain that it can cover the risks associated with such lack of insurance or that it will be able to obtain and/or maintain such insurance to cover these risks at economically feasible premiums.

#### **NOTE 10 – RELATED PARTY TRANSACTIONS**

**The Company rents approximately 1850 square feet of office space from its majority stockholder at a monthly cost of \$2,000. At December 31, 2006, the Company owed \$42,000 in accrued rent to its majority stockholder.**

The Suggestion Box, Inc.  
(A Development Stage Company)  
UNAUDITED BALANCE SHEET  
December 31, 2005

**ASSETS**

**CURRENT ASSETS:**

Cash	\$	6,413
Advances to Related Party		14,800
Interest receivable		645

Total Current Assets 21,858

\$ 21,858

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts Payable	\$	11,503
Accrued Payroll and Payroll Taxes		206,885
Accrued Liabilities		32,286

Total Current Liabilities 250,674

**LONG TERM LIABILITIES**

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**TOTAL LIABILITIES**

250,674

**COMMITMENTS AND CONTINGENCIES**

**STOCKHOLDERS' DEFICIT:**

Common stock, \$.001 par value, 25,000,000 shares authorized 1,568,000 issued and outstanding		1,568
Additional Paid-In Capital		188,432
Accumulated deficit during the development stage		(418,816)

Total Stockholders' Deficit (228,816)

\$ 21,858

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

The Suggestion Box, Inc.  
(A Development Stage Company)

UNAUDITED STATEMENT OF OPERATIONS

	For the period from inception (December 30, 2004) through December 31, 2005
NET SALES	<u>\$ 4,193</u>
OPERATING EXPENSES:	
Research and development	82,580
General and Administrative	341,074
	<u>423,654</u>
Total Operating Expenses	<u>423,654</u>
LOSS FROM OPERATIONS	<u>(419,461)</u>
OTHER INCOME (EXPENSE):	
Interest income, related party	<u>645</u>
Total Other Income (Expense)	<u>645</u>
NET LOSS	<u><u>\$ (418,816)</u></u>

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

THE SUGGESTION BOX, INC.  
(A Development Stage Company)  
UNAUDITED STATEMENT OF STOCKHOLDERS' DEFICIENCY  
FOR THE PERIOD DECEMBER 30, 2004 (INCEPTION) THROUGH DECEMBER 31, 2005

	<u>Common Stock</u>		Additional Paid in Capital	Subscription receivable, related party	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2004	-	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued to founder at par value	12,255,000	12,255		(12,255)		-
Common stock sold for cash at \$.125 per share	1,568,000	1,568	194,432			196,000
Finders fee paid			(6,000)			(6,000)
Net Loss, 12/31/05					(418,816)	(418,816)
Balance December 31, 2005	13,823,000	\$ 13,823	\$ 88,432	\$ (12,255)	\$ (418,816)	\$ (228,816)

The accompanying notes are an integral part of these financial statements

THE SUGGESTION BOX, INC.  
(A Development Stage Company)

**NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**NOTE 1 – DESCRIPTION OF BUSINESS**

The Suggestion Box, Inc. (the "Company") was formed on December 30, 2004 in the State of Nevada. The purpose of the Company will be to develop an internet portal and related technology and services. The Company has generated minimal revenues from planned principal operations and is still developing its web technology. The Company is a development stage enterprise. The Company was inactive in 2004.

**NOTE 2 – BASIS OF PRESENTATION**

The Company incurred a net loss of \$418,816 for the twelve months ended December 31, 2005. In addition, the Company had a working capital deficiency of \$228,816 and a stockholders' deficiency of \$228,816 at December 31, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

During the twelve months ended December 31, 2005, the Company relied on the sales of stock to fund operations. There can be no assurances that the sales of the Company's common stock will be able to continue to provide the needed funds. The Company is addressing its lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents** - The Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Fair Value of Financial Instruments** – The carrying amounts of cash, loans receivable, accounts payable, accrued liabilities and other current liabilities approximates fair value because of the immediate or short-term maturity of these financial instruments.

**Revenue Recognition** – The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition" (SAB No. 104"), which superseded Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB No. 101"). SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgment regarding the fixed nature of the selling prices of the

products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments will be provided for in the same period the related sales are recorded.

**Research and Development** - Research and development costs are expensed as incurred, and include the costs of programming and website design. Research expenses were \$82,580 for the twelve months ended December 31, 2005.

**Income Taxes** - The Company accounts for income taxes under the asset and liability method using SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. 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 or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Accounting Estimates** - The preparation of financial statements in conformity with generally-accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Recently-Enacted Accounting Standards** – In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption.

FIN 48 is effective for the Company's year end 2007, although early adoption is permitted. The Company is assessing the potential effect of FIN 48 on its financial statements.

#### **NOTE 4 – ADVANCES TO RELATED PARTY**

Advances to related party represent net short term advances to the Company's principal shareholder, founder and former CEO. The advance bears interest at 10% per annum and is due on demand.

#### **NOTE 5 - STOCKHOLDERS' DEFICIENCY**

During 2005 the Company sold 1,568,000 shares of common stock at \$.125 per share for a total of \$196,000 and paid a cash finders fee of \$6,000. The Company issued 12,255,000 shares of common stock at par value, for a total of \$12,255, to its founder, and recorded a stock subscription receivable.

#### **NOTE 6 - INCOME TAXES**

At December 31, 2005, the Company had available net-operating loss carry-forwards for Federal tax purposes of approximately \$400,000, which may be applied against future taxable income, if any, at various dates from 2006 through 2026. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carry-forwards.

At December 31, 2005, the Company had a deferred tax asset of approximately \$136,000 representing the benefit of its net operating loss carry-forwards. The Company has not recognized the tax benefit because realization of the tax benefit is uncertain and thus a valuation allowance has been fully provided against the deferred tax asset.

#### **NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Company currently has no product liability insurance in force and it cannot be certain that it can cover the risks associated with such lack of insurance or that it will be able to obtain and/or maintain such insurance to cover these risks at economically feasible premiums.

#### **NOTE 8 – Related Party Transactions**

**The Company rents approximately 1850 square feet of office space from its majority stockholder at a monthly cost of \$2,000. At December 31, 2005, the Company owed \$18,000 in accrued rent to its majority stockholder.**

#### **NOTE 9 – SUBSEQUENT EVENTS**

On or around July 1, 2006, The Suggestion Box, Inc., a Texas corporation f/k/a DA Consulting group, Inc. ("Sbox TX") purchased all of the issued and outstanding common stock of the Company, in exchange for 15,023,000 shares of its common stock. This acquisition transaction has been accounted for as a reverse acquisition, because the shareholders of the Company owned more than a majority of the outstanding common stock of Sbox TX after giving effect to the acquisition. The combination of the two companies was treated as a recapitalization of the Company, pursuant to which the Company is treated as the continuing enterprise, although Sbox TX is the legal acquirer.



DA CONSULTING GROUP, INC.

UNAUDITED STATEMENT OF OPERATIONS

	For the twelve Months ended December 31, 2005	
	<hr/>	
NET SALES	\$	-
	<hr/>	
OPERATING EXPENSES:		
Research and development		-
General and Administrative		280,134
	<hr/>	
Total Operating Expenses		280,134
	<hr/>	
NET LOSS	\$	(280,134)
	<hr/> <hr/>	
Net loss per share – Basic and diluted	\$	(0.14)
Weighted Average Shares Outstanding		2,000,000

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

DA CONSULTING GROUP, INC.  
 UNAUDITED STATEMENT OF STOCKHOLDERS' DEFICIENCY  
 FOR THE PERIOD JANUARY 1, 2005 THROUGH DECEMBER 31, 2005

	<u>Common Stock</u>		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2004	2,000,000	\$ 20,000	\$ 16,060,927	\$ (24,382,894)	\$(8,301,967)
Net Loss, 12/31/05				(280,134)	(280,134)
Balance December 31, 2005	2,000,000	<u>\$20,000</u>	<u>\$ 16,060,927</u>	<u>\$ (24,663,028)</u>	<u>\$( 8,582,101)</u>

The accompanying notes are an integral part of these financial statements

## DA Consulting Group, Inc.

### NOTES TO UNAUDITED FINANCIAL STATEMENTS

#### NOTE 1 – DESCRIPTION OF BUSINESS

DA Consulting Group, Inc. (“the Company”) was formed on November 22, 1993 in the State of Texas.

The purpose of the Company was to provide management and consulting services. The Company is currently in bankruptcy proceedings under Chapter 7 of the US Bankruptcy Code. The Company’s liabilities will not be discharged upon completion of the bankruptcy proceeding. While it is possible that the Company could be liquidated in connection with the Chapter 7 bankruptcy proceeding, the company anticipates that the Chapter 7 bankruptcy proceeding will come to closure, without it being liquidated, during the first calendar quarter of 2008.

#### NOTE 2 – BASIS OF PRESENTATION

The Company incurred a net loss of \$280,134 for the twelve months ended December 31, 2005. In addition, the Company had a working capital deficiency of \$8,582,101 and a stockholders’ deficiency of \$8,582,101 at December 31, 2005. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company’s existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

During the twelve months ended December 31, 2005, the Company had no activity. There can be no assurances that the Company will be able to continue operations.

#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash and Cash Equivalents** - The Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Fair Value of Financial Instruments** – The carrying amounts of cash, accounts payable, accrued liabilities and other current liabilities, and notes and loans payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

**Revenue Recognition** – The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, “Revenue Recognition” (SAB No. 104”), which superseded Staff Accounting Bulletin No. 101, “Revenue Recognition in Financial Statements” (SAB No. 101”). SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgment regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and

allowances, and other adjustments will be provided for in the same period the related sales are recorded.

**Income Taxes** - The Company accounts for income taxes under the asset and liability method using SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. 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 or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

**Accounting Estimates** - The preparation of financial statements in conformity with generally-accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

**Loss Per Share** - The computation of loss per share is based on the weighted average number of common shares outstanding during the period presented. Diluted loss per share is the same as basic loss per share, as the Company has no potentially dilutive securities.

**Recently-Enacted Accounting Standards** – In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption. FIN 48 is effective for the Company's year end 2007, although early adoption is permitted. The Company is assessing the potential effect of FIN 48 on its financial statements.

#### **NOTE 4 – ACCOUNTS PAYABLE, UNCONSOLIDATED AFFILIATES:**

This represents amounts owed and incurred by the Company pre-bankruptcy.

#### **NOTE 5 - INCOME TAXES**

At December 31, 2005, the Company had available net-operating loss carry-forwards for Federal tax purposes of approximately \$25,000,000, which may be applied against future taxable income, if any, at various dates from 2019 through 2025. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carry-forwards.

At December 31, 2005, the Company had a deferred tax asset of approximately \$8,500,000 representing the benefit of its net operating loss carry-forwards. The Company has not recognized the tax benefit because realization of the tax benefit is uncertain and thus a valuation allowance has been

fully provided against the deferred tax asset.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES:**

The Company currently has no product liability insurance in force and it cannot be certain that it can cover the risks associated with such lack of insurance or that it will be able to obtain and/or maintain such insurance to cover these risks at economically feasible premiums.

**NOTE 7 – SUBSEQUENT EVENTS:**

On or around July 1, 2006, The Company purchased all of the issued and outstanding common stock of The Suggestion box, Inc., a Nevada corporation (“Sbox NV”), in exchange for 15,023,000 shares of its common stock. This acquisition transaction has been accounted for as a reverse acquisition, because the shareholders of Sbox NV owned more than a majority of the outstanding common stock of the Company after giving effect to the acquisition. The combination of the two companies was treated as a recapitalization of Sbox NV, pursuant to which Sbox NV is treated as the continuing enterprise, although the Company is the legal acquirer.

During 2006 the Company effected a 20 for 1 reverse split. All share and per share data have been retroactively restated to reflect this recapitalization.

