

INITIO, INC. AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
Six Months Ended October 31, 2010 and 2009

Accountants' Report

The Board of Directors and Stockholders  
Initio, Inc. and Subsidiary  
Rochelle Park, NJ

We have compiled the accompanying consolidated balance sheets of Initio, Inc. and Subsidiary (the "Company") as of October 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the six months 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 financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

November 10, 2010

*Rogoff + Company P.C.*

INITIO, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

October 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,381,833	\$ 694,695
Marketable securities	1,624,417	1,601,883
	4,006,250	2,296,578
Property and equipment, net	14,816	20,650
<b>OTHER ASSETS</b>		
Loans to stockholder	-	75,000
Other assets	35,270	26,161
	35,270	101,161
	\$ 4,056,336	\$ 2,418,389
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,000	\$ 7,000
	7,000	7,000
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$ .01 par value, 10,000,000 shares authorized; 6,661,296 issued and outstanding	66,613	69,017
Additional paid in capital	9,636,912	9,617,746
Accumulated deficit	(5,654,189)	(7,275,374)
	4,049,336	2,411,389
	\$ 4,056,336	\$ 2,418,389

See accountants' report.

INITIO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Six Months Ended October 31, 2010 and 2009

	2010	2009
Revenues		
Consulting income	\$ 69,000	\$ 35,000
Interest and dividends	90,919	4,274
Gain (loss) on the sale of marketable securities	1,616,092	(155,953)
Other	2,520	2,395
	1,778,531	(114,284)
Expenses		
General and administrative	72,375	71,439
Depreciation and amortization	3,400	3,411
	75,775	74,850
Net income (loss) before unrealized losses on marketable securities	1,702,756	(189,134)
Unrealized gains (losses) on marketable securities	(172,091)	419,099
Net Income	\$ 1,530,665	\$ 229,965

See accountants' report.

INITIO, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Six Months Ended October 31, 2010 and 2009

	Common Stock Shares	Amount	Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, April 30, 2009	6,901,725	\$ 69,017	\$ 9,617,746	\$ (7,505,339)	\$ 2,181,424
Net Income	-	-	-	229,965	229,965
Balance, October 31, 2009	6,901,725	\$ 69,017	\$ 9,617,746	\$ (7,275,374)	\$ 2,411,389
Balance, April 30, 2010	6,661,296	\$ 66,613	\$ 9,636,912	\$ (7,184,854)	\$ 2,518,671
Net Income	-	-	-	1,530,665	1,530,665
Balance, October 31, 2010	6,661,296	\$ 66,613	\$ 9,636,912	\$ (5,654,189)	\$ 4,049,336

See accountants' report.

INITIO, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Six Months Ended October 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ 1,530,665	\$ 229,965
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,400	3,411
(Gain) loss on sale of marketable securities	(1,616,092)	155,953
Changes in operating assets and liabilities:		
Other assets	1,000	(3,718)
Accounts payable and accrued expenses	-	500
Net cash provided (used) by operating activities	(81,027)	386,111
Cash flows from investing activities:		
Net proceeds from sales of marketable securities	2,622,880	1,179,159
Purchases of marketable securities	(856,845)	(1,562,542)
Purchases of fixed assets	(977)	-
Net cash provided (used) by investing activities	1,765,058	(383,383)
Net (decrease) increase in cash	1,684,031	2,728
Cash at the beginning of the year	697,802	693,967
Cash at the end of the period	\$ 2,381,833	\$ 696,695
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ 625	\$ 397

See accountants' report.