

**Investor  
Insight**  
Phil Scott, CFA  
Senior Research  
Analyst

# Stronghold Industries, Inc.

**Intelligent Home Solutions Provider**

**Stock Symbol: OTC- Pinksheets: SGDS**

## Company Overview

### Stronghold Industries

provides innovative technology-based security, entertainment, automation and infrastructure management solutions for the top 2% income residential clientele.

Through a collection of integrated subsidiary companies, Stronghold Industries is betting the *digital convergence and technology integration* markets will continue to expand.

Through this horizontally-integrated strategy, Stronghold is set to ride the new

wave of digital home control, communications and entertainment solutions, including more cost effective, service-rich products and technologies such as home theaters and security, which are now experiencing a high rate of penetration into the high demographic residential marketplace.

Additionally, in order to solidify its market position, Stronghold is seeking capital to complete strategic mergers.

### Our rating : ★★ ★

*SDGS growth through partnerships and acquisition to provide a one-stop-shop solution for luxury home integration services (home office, entertainment, heat/air, security and convenience). Stronghold's investment will drive returns in 2008 while doubling revenues in 2007 from acquisitions.*



### Significant Events

- CorpHQ interest in Stronghold restructured
- Announces New Board and Executive Appointments
- Strong recurring revenue growth reported from Security Unit
- Enters government contracting market through joint venture in Hawaii
- Announces partnership with L.A. Heating and Air

## Solidifying Market Position

Focusing on solidifying its market position, Stronghold Industries is raising **\$2 million** in capital to complete strategic mergers with aligned companies in :

- Home Theater/Video
- Home Automation
- HVAC
- Fire Prevention/Backflow
- Wiring/Networking

Stronghold operates through a subsidiary company in the security industry and has executed binding letters of intent to acquire HVAC and fire protection / backflow companies.

These horizontal acquisitions are designed to increase the average gross revenue per installation from the current average of

\$30,000 to over \$100,000.

While completing its final strategic acquisitions in the Los Angeles area during 2007, Stronghold Industries will begin the process of evaluating additional geographic locations and targeting new acquisitions to fuel its 2008 geographic expansion.

## Our Analysis — Summary

### Performance Indicators

- *Operational performance continues to decline increasing the capital needs to fund their acquisitions*
- *2006 revenue/sales declining 22% will trend upward starting Q4 2007*
- *Gross margins decline from 69.3% to 36.8% is*

*a focus of the new management*

- *Net decrease in cash \$31,382 will be compensated for using stock in the short term*

### Market / Comps

- *SGDS market cap of \$2.55M as a multiple of sales is 3x the industry average*

- *Stronghold has a scalable regional model which justifies a market cap .9-1.3x of sales*

### Forecast—Outlook

- *Shifting to the larger mid market and adding a product based strategy would increase sales/share price in line with price/sales ratios of 5-7*



## Our CSF Ratings:

Stronghold Industries, Inc. – CSF Rating	
★★★★	<b>Overall rank</b> – our rating of Stronghold’s success probability in the next 12 months
★★★★	<b>Opportunity</b> – the potential exists for SDGS to grow by 4X in the next 24 months led by acquisitions and Moore Protection’s organic growth to broader markets
★★★★	<b>Product</b> – the new consumers will demand integrated digital solutions which blur the lines between work, play, convenience and security
★★★★	<b>Management Team</b> – small team of experts in integrating technology with residential and small business structures
★★★	<b>Capital Structure</b> – company is seeking additional funding to accelerate their offering and markets
★★★	<b>Cash Flow</b> – near term needs require additional funding with a minimum of \$2M;

*“Led by an aggressive new management team, SGDS has a services based rollup strategy to add \$2-4M in revenue over the next 12 months.”*

## Our Assessment of Critical Success Factors:

Our assessment of the critical factors of success for Stronghold is segmented into 5 areas and is based on analysis of information provided in voluntary Financial Reports posted on the Pink Sheets, Legal Agreements, management interviews, press releases and financial statements. The information is aggregated into our ranking model and generates a 5 point system (CSF Rating-critical success factors) where 5 indicates a factor has the highest probability of success and 0 means zero con-

tribution to the growth in the fair market value.

Downside Risk - If Stronghold Industries access to funding is limited and they continue to lack liquidity the pace of expansion will be limited. Immediate action by the company is necessitated given present market conditions and competitors.

*Investing in product and service based acquisitions will require significant capital to ensure gross margin growth and successful integration of operations/sales channels.*

## Market and Competition

The difference between lighting control, security, TV, content and music is becoming seamless. Once called the “Home of the Future”, home automation has been evolving as technologies converge and new communication, interoperability and wiring standards are implemented. The professionals at Stronghold Industries are capitalizing on the burgeoning digital convergence and technology markets by creating solutions in the high-end residential marketplace. With an established cli-

ent base in excess of 250, many of whom are celebrities, sports figures, entertainment industry leaders and corporate executives, and an exploding upper income class in Southern California, Stronghold is poised to grow significantly in the digital home entertainment industry.

The current industry landscape is ripe with inefficiencies. Stronghold eliminates these problems by fully integrating the home technology process.

## Financials

For the quarter ending September 30, 2006 Stronghold reported total revenue of \$165,344, and an operating loss of \$87,334.

Stronghold had negative cash flow from operations and owes approximately \$311,328 in current liabilities. For the 9 months ended September 30, 2006, the company incurred a net loss of \$1,256,280.

Total operating expenses for the same

period were \$140,697 compared to \$106,805 for 2005.

Stronghold Industries does not have sufficient capital to meet short term cash requirements and will need to raise additional funds to conduct business activities in the next 12 months.

The company is actively involved in efforts to raise additional funds to complete strategic mergers in key industries to fully solidify its market position.

## Operations

Stronghold Industries continues to establish partnerships or complete strategic mergers to solidify its market position in the following industries: Home Theater, HVAC, Fire Prevention / Backflow and Wiring / Networking. Horizontal acquisitions .

At the present time, Stronghold is finalizing strategic acquisitions in the Los Angeles area during 2007, with

additional geographic locations and new acquisitions targeted for development in 2008. On November 9, 2006 SGDS entered into a Joint Venture agreement with Bear62 Corporation of Hawaii for the purposes of entering the government subcontracting business.

As of September 30, 2006, the company employed 10 full-time staff and 4 licensed contractors.

Price as of 3/23/07: \$.025

### Market and Trading Data

Shares Outstanding: 102,140,302  
Market Capitalization: \$2.55M

52 week range: \$0.045 - \$0.51  
Average Volume: 15,000  
P/E Ratio 1.60

### Balance Sheet 9/30/06

Cash: 11,900  
Accounts Receivable: 309,763  
Total Assets: 346,423  
Total Liabilities: 644,172

### P&L Data Q3

Revenues: 165,344  
Expenses: 252,678  
Interest Expense (67)  
Net Profit: (87,398)  
Net Loss per Common Share (.0009)

### Company Contact Information

#### **Tony W. Breeden**

*Director & President*

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#### *Transfer Agent:*

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***In addition to this Fact Sheet, refer to Voluntary Financial Reports for full disclosure at <http://www.pinksheets.com>***

## Business Overview

Stronghold Industries, Inc. (SGDS — [www.strongholdindustries.net](http://www.strongholdindustries.net)) is capitalizing on a growing affluent sector looking for high-tech integrated solutions for their homes from communications, entertainment, convenience, automation and security/protection. These systems for the home have just begin to converge and interoperate from computers, phone, music/television, home controls, automobiles, networks and infrastructure. Stronghold offers high end products and service for security and surveillance systems; real-time video monitoring services; entertainment-video, audio & home theater systems; home automation systems; networking and voice over IP systems; lighting systems; fire protection and control; HVAC and digital environment control systems; and automated backflow prevention systems.

Through the delivery of quality technology and elite service Stronghold plans to further penetrate the existing customer base through their network of partners and expand to regions with similar demographics.

For nearly 30 years, home automation and control systems have been relegated to the status of niche technologies enjoyed only by those wealthy enough to have expensive custom systems installed, or those with a hobbyist's interest in technical DIY projects. The vast mainstream market has largely been left untapped. However, with the relatively recent introduction of new technologies and with the drive to establish interoperability in use of these technologies, a host of new vendors has entered the market, targeting mainstream households.

The major factors contributing to the rapid proliferation of home automation and control systems are service providers building new, advanced networks which will facilitate the delivery of digital video to both home and mobile devices. These networks link together mobile, customer premises and service provider central office devices in such a way that they practically become a separate network unto themselves, with the flow of content controlled by the customer. In addition, major video content providers are now signing deals to distribute their premium catalogs over these new, IP networks. These converging trends turbo charging the growth of broadband video and are generating a broadband video 'perfect storm' that will gather strength over the next three years."

A number of factors have come together in 2006 to begin the widespread adoption of video over broadband connections into and around the home. As content providers and their distribution partners develop business models for network-based content delivery, the ecosystem for distributing entertainment throughout the home is coming of age.

Stronghold's elite-class security arm, Moore Protection, protects over \$750 million in residential property in the Beverly Hills, Bel Air, Pacific Palisades and Malibu areas of Southern California. With a "Who's Who" roster of celebrity clientele, Moore Protection is the fastest growing security company in its market segment and provides a lead for up selling their complete solution.

***Our analysis:*** *Stronghold Industries share price should remain volatile and lack liquidity through 2007 — stronger returns in 2008 are projected subsequent to the closing of acquisitions planned this year. Holding the present market cap would require sales to grow to \$2M.*

## The Home Integration Market

Once called the "Home of the Future—The Jettson's", Home Automation is the process where nearly every electronic product or device is wired for one-touch control. What has made this possible now is "digital convergence", which is the technological merger of several industries (i.e., communications, consumer electronics, entertainment and security) through various devices that exchange information in the electronic, or digital, format used by computers.

Home Automation has been evolving as technologies converge and new communication, interoperability and wiring standards are implemented. The Home Integration Market has been gearing toward solutions that integrate with a home entertainment, home control or computing network to access, manage and distribute digital content / flow. While exact figures and growth rates are unavailable, virtually all players in the home integration space concur that the market is set to explode. The fact that product manufacturers and distributors, such as Intel, Ingram Micro and Tech Data have been building their presence in this market and working directly with integrators is evidence of this.

The movement from analog to digital, and from modem to broadband access, have combined with the development of powerful chips, new storage and output technologies, and the emergence of new platforms and standards to drive a revolution in home entertainment. PCs can now merge with other home entertainment devices. Content created or stored on one type of entertainment device can be accessed via any other device. But with all the product advancements, most consumers have no idea how to actually integrate new convergence products and make them work well together.

## Strategy

With the backdrop of premium security, HVAC and Fire Protection Solutions, established wealthy clientele and invaluable relationships with the constituents in the home integration market, Stronghold is poised to exploit its competitive position and access to the public markets by assembling a team of companies, through acquisitions, whose professionals make Stronghold a one-stop-shop solution for luxury home integration services. Key to integration is control of the wiring of a home. With the digital convergence previously explained, the desire among the wealthy has become fully-integrated homes - and single-source provider to work with.

Building on relationships and client trust that it already has, Stronghold's plan is to create a brand that is synonymous with high-end, custom integration and 24-hour customer service. The current environment is one with a large amount of small subcontractors and is synonymous with unreliability, inefficiency and questionable quality. Stronghold will turn the market on its head. Like Bose is to audio equipment, the Stronghold brand seeks to be synonymous with high-end quality and confidence so rare in the residential service industries today. Stronghold brings enterprise-level management, processes, software and infrastructure, project management and inventory control to an industry that is rife with mismanagement, unskilled labor and unhappy customers. Stronghold seeks to truly represent a paradigm shift in the way business is done.

***Our analysis:*** *The present strategic direction will result in strong foundation for the long term and necessitates a product base to bridge the time required to create that brand awareness—the risk is consumer loyalty continues to move to “cement floor” priced solutions and services from the big box retailers.*

## Market

### The Wealthy

Stronghold Industries, Inc. targets high net worth individuals that demand ultimate security, the latest technological advancements, and unmatched customer service. The current sales team has an average of 17 years experience in the high-end residential market and has an established prior client base of well in excess of 10,000 residences in Southern California. Stronghold's security operation specializes in providing personal security solutions to celebrities, sports figures, entertainment industry leaders and corporate executives. No one can argue these days that this upper income class, the prime target for new Stronghold solutions, is exploding.

In Southern California, the trend is perhaps even more pronounced. Over the past five years home prices in the Los Angeles and San Diego area have appreciated 125%, with prices in a handful of zip codes up nearly 200%. Because of this surge in prices, the greater Los Angeles area is now comprised of 15,500 homes valued at \$1 million and above (the median Los Angeles home price being \$610,000), and, similar to the stock market boom in the 1990's, has turned many people into millionaires in a matter of a few years. In the areas that Stronghold now serves, the median home price is \$1,300,000, with building costs between \$700-800 per square foot, making the building of custom homes attractive for the rate of return on per square foot construction costs.

***Our analysis:*** *Cost of sales to capture clients with homes exceeding \$1.3M in value may continue to increase due to the necessary investment in marketing and new partnerships (contractors, entertainment systems retailers, telecommunication providers, competitive security services...).*

### Home Automation

Home Automation has been evolving as technologies converge and new communication, interoperability and wiring standards are implemented. Many Americans who are building a home consider the benefits of structured wiring. According to the National Association of Home Builders, 34% of builders offer structured wiring packages as standard or optional amenities. People have known for years that almost electronic device contained a computer chip, and now they know why – the market was gearing toward solutions that integrate with a home entertainment, home control or computing network to access, manage and distribute digital content / flow. While exact figures and growth rates are unavailable due to the fragmentation of the industry, virtually all players in the home integration space concur that the market is set to explode. The fact that product manufacturers and distributors, such as Intel, Ingram Micro and Tech Data have been building their presence in this market and working directly with integrators is perfect evidence of this.

Regarding home entertainment, the movement from analog to digital, and from modem to broadband access, have combined with the development of powerful chips, new storage and output technologies, and the emergence of new platforms and standards to drive a revolution in home entertainment. For the first time since the arrival of the first DTV's in 1998, the majority of TVs shipped to U.S. retailers this year will be digital, according to a study released today by the Consumer Electronics Association (CEA). PCs can now merge with other home entertainment devices. Content created or stored on one type of entertainment device (TiVo) can be accessed via any other device. Films and TV programs can be shown on any screen in the house without wires trailing across floors. The entire household's music can be stored on one device, but available wherever there are speakers in the house.

But with all the product advancements, most consumers have no idea how to actually integrate new convergence products and make them work well together. It takes professional integrators to create robust, stable and secure solutions – and that is where Stronghold steps in. According to a survey of 1,000 American adults, conducted by the Custom Electronic Design and Installation Association (CEDIA), 87% reported they would seek the help of a qualified and certified professional to install a home automation system.

## Security Alarm Systems

According to The Freedonia Group, Inc., the penetration of security alarm systems in existing homes in North America was 18% in 2003 and was expected to exceed 20% by 2006. The growth in the security alarm industry has been fueled by several factors. First, the aging of the population and the increase in two-career families have both contributed to an increased focus on the security of the home. Second, unfortunately residential crime remains a permeating theme in our society. Additionally, many insurance companies offer discounts to home and business owners who install electronic security alarm systems. In fact, many commercial enterprises are required by insurance underwriters to have monitored alarm systems.

The security alarm industry is characterized by a large number of privately owned companies involved in security alarm sales, leasing, installation, repair, and monitoring. In 2003, approximately 12,000 of such dealers were active in the United States. Moore Protection, Inc., the wholly owned subsidiary of Stronghold Industries, is one of the fastest growing and most respected high-end providers of custom security solutions in the greater Los Angeles area. Moore's growth strategy includes extending their niche market leadership position in well-defined, affluent residential markets throughout California and adding new customers through acquisitions, direct sales and strategic alliances. Moore Protection represents the highest standard in top-end, custom, security solutions in Los Angeles to a most discriminating clientele of celebrities, business executives and professionals.

Moore's primary products and services include professional risk assessment, advanced alarms and digital surveillance systems, interactive alarm monitoring, and online remote access, including the following:

- **Advanced Technology Surveillance & Monitoring.** Moore specializes in protecting elite class residences of high net-worth individuals by providing best-in class security system products and services at price-points that are lower, in terms of monthly costs, than manned-guard services.
- **Access Control.** Certain of Moore's products and services include a suite of cameras, intercoms, automated entry systems and electrified locks that allow customers to control access to their property.
- **Professional Risk Assessment.** Moore's sales and operations personnel are fully licensed and experienced in performing risk assessments on both residential and commercial property.
- **Expert Installation.** Moore's installation partners, X-Tech and Upgrade TEC are among the most highly regarded installers of residential security and close circuit television systems in the Southern California region.
- **Interactive Monitoring.** Moore's monitoring partner, National Monitoring Center (NMC) is a fast growing, ahead-of-the-art company that is becoming an industry leader by investing heavily in leading technologies and in experienced, knowledgeable professionals to make up their staff. Among the services that NMC provides are 24 hour monitoring; live operator assistance, advance two way voice with telephony integration, and Long Range Radio (Alarm Net).
- **Online Remote Access.** Moore's products and services allow customers to control their surveillance systems online without interfering with the monitoring center's access.

## Consumer Electronics

A major part of Home Integration Market is the sale of consumer products themselves. According to Consumer Electronics Association (CEA), based on a consensus of numbers provided by member companies, 2005 sales jumped a strong 11.5% to \$125.9 billion. Healthy growth is expected for 2006, with CEA forecasting a 7.5 percent sales hike, to \$135.4 billion. Overall sales growth is being driven by a combination of increasing demand for today's new generation of digital video, audio and mobile products which are being offered at ever more affordable prices. In the video product arena, digital TVs are moving more and more into the sales mainstream, with flat-panel plasma and LCD models setting the growth pace. The impact of digital video growth is more than offsetting falling sales of analog color and VCRs, while DVD combinations are offsetting the sluggish performance of DVD decks. Total video sales are expected to be up 11.6 percent this year to 25.2 billion.

## Residential Heating, Ventilating, and Air Conditioning—HVAC

Current residential HVAC service and retrofit expenditures are almost \$12 billion nationwide. This includes approximately \$7 billion in retrofits and \$5 billion in service, according to a report from FMI, a management consulting firm targeting the construction industry. FMI believes that residential HVAC retrofit and service expenditures will experience strong growth over the next 3- 5 years as the age and volume of housing stock increases. The demand for residential HVAC service and retrofits is influenced by 1) equipment breakdown, 2) home improvements/remodels, and 3) energy savings decisions. Demand for HVAC service and retrofits will grow with an increasing national housing stock and greater per unit utilization of heating and cooling systems.

***Our analysis:*** *Leveraging HVAC and Security services to introduce home control-entertainment-automation systems is a solid strategy with the added benefit of recurring revenue for monitoring and annual maintenance.*

## Competition

The fields within the home integration and digital convergence markets are very fragmented. Within each metropolitan region there are hundreds of small sub-contractors scrambling for business from a select handful of larger contractors, builders and architects. Stronghold eliminates these problems by creating a single-source provider of high end solutions that homeowners, and the people that serve them, can trust to make a complicated process simpler and more efficient.



## Financial Review

### Capital Structure:

Stronghold Industries stock is traded on the OTC—Pink Sheets under the symbol “SGDS.PK”

Stronghold Industries was originally incorporated on February 16, 1999 in the State of Colorado as Fountain Colony Ventures. On March 20, 2006, Fountain Colony Ventures, Inc. changed its corporate name to SGT Ventures. On April 12, 2006, Safeguard Technology International Inc. (“Safeguard”) successfully merged with SGT Ventures. As a result of a share exchange, the former shareholders of Safeguard held approximately 99.5% of the company’s total issued and outstanding shares aggregating 80,390,187 common stock shares. Prior to the merger, on March 1, 2006, the company sold 22,000,000 shares to 4 accredited investors.

<b>STRONGHOLD INDUSTRIES, INC</b>	
Balance Sheet (unaudited)	
Period End: Sep 30, 2006	30-Sep-06
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 11,900
Accounts receivable	309,763
Inventory	489.00
Total Current Assets	322,152
Property and Equipment	51,451
Less Accumulated depreciation	(28,353)
Security Deposit	1,173
<b>TOTAL ASSETS</b>	<b>\$ 346,423</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 82,629
Accrued other expenses	7,087.00
Advances from investor	15,000
Deferred revenue	206,612
Total Current Liabilities	311,328
<b>LONG-TERM LIABILITIES</b>	
Notes payable	332,844
<b>TOTAL LIABILITIES</b>	<b>\$ 644,172</b>
<b>STOCKHOLDERS' EQUITY</b>	
Preferred Stock \$0.01 par value; 10,000,000 shares authorized; None issued and outstanding as of 9/30/2006	-
Common stock, \$.001 par value; 200,000,000 shares authorized; 102,140,302 issued and outstanding as of 9/30/2006	102,140
Paid-in capital	5,733,471
Accumulated deficit	(6,133,360)
Total Stockholders' Equity	(297,749)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 346,423</b>

On June 22, 2006 SGT Ventures changed its name to Stronghold Industries and the board authorized the retirement and cancellation of 250,000 shares issued to Carrera Capital, Inc.

Currently, Stronghold’s authorized capitalization consist of 200,000,000 Common stock shares, par value \$0.001, and 10,000,000 preferred stock shares, par value \$0.001.

Safeguard was organized under the laws of the State of Delaware on November 9, 2001 as a technology research and marketing company. Subsequently in 2003, re-shifted its business focus on developing security consulting and electronic protection services and products for the elite-class residential market and operated primarily through its wholly owned subsidiary, Moore Protection. Moore was organized under the State of California on August 11, 2005

**Balance Sheet** - for the period ended September 30, 2006

and subsequent to the merger, Safeguard ceased to exist, and Moore currently operates as a wholly owned subsidiary of Stronghold.

On March 6, 2007, CorpHQ, Inc. (trades on the OTC—Pink Sheets under the symbol COHQ.PK) restructured a portion of its ownership in Stronghold. Steve Crane the CEO of CorpHQ, serves on the board of Stronghold and holds 3 notes from Stronghold totaling \$430,918. These notes are fully secured by the assets of the company and are also convertible into shares of common stock at their sole option. CorpHQ owns 22,446,179 shares of Stronghold's common stock (presently 102,140,302 shares are outstanding) and since the inception CorpHQ has invested a total of \$3,455,926 into Stronghold. The reaffirmed commitment to Stronghold will substantially reduce the number of shares that can potentially enter the market in the next two years, and removes any concerns about CorpHQ's patience with regard to the outstanding debt.

The restructuring will extend the Notes totaling \$250,000 for 1 year; invest the sum of \$30,000; and return 12,748,306 shares of common stock to Stronghold in exchange for 4,000,000 shares of Class 'A' \$0.50 Stated Value, 10% Convertible Preferred Stock; and enact a Standstill Agreement barring the issuance of any convertible debt or securities.

***Our analysis:*** *Stronghold Industries share price should remain volatile and lack liquidity through*

*Operations Financials:*

Stronghold Industries, Inc. generated consolidated net revenues of \$423,918 for the 9 months ended September 30, 2006

On November 9, 2006, the Board authorized the issuance of up to 5,000,000 shares of Series A Convertible Preferred Stock to fund a joint venture in Hawaii to pursue government subcontracts - the stated value of each share Series A Preferred Stock is \$0.50. On November 9, 2006, Stronghold entered into a Joint Venture Agreement with Bear62 Corporation and provides for the formation of a limited liability company organized under the laws of the state of Hawaii - "Stronghold Industries – Hawaii, LLC". On October 6, 2006, SGDS entered into letter of intent to acquire LA Heating & Air and a Marketing Partnership Agreement. The agreement provides for reciprocal marketing and promotion to each party's customers. These strategic actions are focused on improving the companies sales and expanding markets in core businesses.

***Our analysis: The recent change in management and restructuring of their debt is the beginning of the turnaround to a growing and viable business in this highly competitive market.***

**Cash:** As of September 30, 2006, Stronghold Industries, Inc. had negative cash flow from operations and for the 9 months ended September 30, 2006 incurred a net loss of \$1,256,280. They currently have insufficient capital (\$11,900 in cash) to meet short term cash requirements and will need to raise additional funds to conduct business activities in the next 12 months.

As of June 30, 2006 Stronghold had an accumulated outstanding balance of \$314,644 in loans which includes \$175,000 borrowed on March 8, 2006 to finance the merger with Fountain Colony Ventures

## RECENT NEWS - Highlights of press releases and company news

- 3/13/2007** - Stronghold Board Agrees to Restructure CorpHQ Ownership Interest
- 2/23/2007** - Stronghold Announces Strategic Marketing Agreement with SSA Security Group
- 2/22/2007** - Wall Street Grapevine: Identifies SGDS as a "Stock on the Rise"
- 2/20/2007** - Stronghold Announces Exclusive Appointment as Security Company to 185 Unit Condominium Development
- 2/12/2007** - Stronghold Industries, Inc. Announces New Board and Executive Appointments
- 12/22/2006** - Stronghold Industries, Inc. Releases 3rd Quarter Financial Report
- 12/11/2006** - Stronghold Industries, Inc. Recurring Revenue Growth Reported From Stronghold Security Unit
- 11/13/2006** - Stronghold Industries, Inc. Enters Government Contracting Market Through Joint Venture in Hawaii
- 11/10/2006** - Stronghold Industries, Inc. Announces Security Arm Servicing \$750m Worth of High-end Properties
- 10/10/2006** - Stronghold Industries, Inc. Announces Strategic Marketing Agreement with L.A. Heating & Air
- 9/14/2006** - Stronghold Industries, Inc. Issues Shareholder Communication
- 9/11/2006** - Stronghold Industries, Inc. Releases 2nd Quarter Financial Report
- 8/15/2006** - Stronghold Industries, Inc. Signs Letter of Intent to Acquire The Backflow Target Backflow & Fire Protection
- 7/24/2006** - Stronghold Industries, Inc. Releases Audited Financial Statements for 2004 and 2005 Fiscal Years
- 7/24/2006** - Stronghold Industries, Inc. Releases 1st Quarter Financial Report
- 6/30/2006** - SGT Ventures, Inc. Announces Change in Corporate Name to Stronghold Industries, Inc.
- 6/09/2006** - SGT Ventures, Inc. Releases 2005 Voluntary Annual Report
- 4/20/2006** - SGT Ventures, Inc. Posts First Voluntary Report of Material Event

## MANAGEMENT

### *Mr. Tony W. Breeden, JD, Director and President*

Mr. Breeden joins Stronghold with a twelve year background in Corporate Law, Sales, Marketing and Business Development, spent primarily in the residential services and technology industry. Mr. Breeden had previously served as the company's Sr. Vice President since October of 2006. He holds Juris Doctorate and Masters of Business Administration degrees from the University of Tennessee.

### *Mr. Don Moore, Director and President—Moore Protection*

Mr. Moore directs all sales activities for Moore Protection. Mr. Moore is formerly a leading security consultant to very high net worth individuals and large corporations in Southern California. He is one of fewer than 10,000 Certified Protection Professionals worldwide, documented by the American Society of Industrial Security (A.S.I.S.). Mr. Moore has devoted the past 20+ years of his professional career to improving security for the government, corporations and consumers throughout the United States. As a board member of the first chapter of A.S.I.S., he has been active throughout his career in setting and reviewing standards within the industry. A specialist in the electronic protection field, Mr. Moore was an invitee to the Governor of California's Conference on Violent Crimes, as well as an instructor at the Los Angeles Police Department's Alarm Training School. A much sought after speaker in and around Southern California on various crime prevention topics, his opinions and findings have been cited in several national publications. He has been retained as an expert witness on the subject of electronic protection, and is also a member of the National Association of Chiefs of Police. An early education in electronics and years of experience in installing sophisticated security systems, combined with years of executive-level experience in sales and marketing, give Mr. Moore a unique insight into not only "what works" in his industry, but also "what's needed" and "what sells."

### *Mr. Tony Adams, Director*

Mr. Adams has spent 36 years within the Information Systems industry holding positions with both users and system suppliers. In 1968 he joined what was then British Steel Corporation where he spent 10 years and worked his way to become the manager of a department providing on-demand computing services to the whole of the R&D steel community. He then moved to join ICL as a support manager before moving to sales in 1981 where he became a senior account manager within the water industry group. In 1989 he joined Oracle as Sales Manager for Water and the Environmental Agency leading a team that enjoyed incredible success positioning Oracle as a major supplier even today. In 1994 he joined Genasys II Ltd, a supplier of Geographical Information Systems, as head of their European Africa and Middle East Region. In 1998 when the Australian parent fell into receivership he purchased the IPR for the product from the Receiver and started a new company Genaware. In 2000 he sold out his own interest before joining Microsoft. There he had responsibility for sales of Business Intelligence to major UK enterprises. In March of 2004 he left, again to form his own business, now providing services directly to a number of Microsoft partners providing Business Intelligence.

### *Mr. Steve Crane, Advisor*

Mr. Crane is the co-founder and Chairman of CorpHQ Inc., the business incubator which developed Safeguard Technology. Mr. Crane has a powerful body of experience and a unique perspective, having served both as CEO and investment banker to various public and privately held companies. Crane began his career in the late 1970's as VP-Sales for an oil-

field equipment supply company with operations throughout North America, Southeast Asia and the Middle East.

Later as President of a manufacturer of proprietary composites, Crane engineered the company's growth from a two man engineering office to a \$100 million internationally renowned company over a six-year period. After being named CEO, he spearheaded the Company's emergence into the public capital markets. Crane left management in the early 1990's to enter corporate finance as a Senior Partner with the Western Finance Group, a west coast-based investment-banking boutique, where he managed the firm's micro-cap operations.

Crane later returned to management as co-founder of CorpHQ, then the Internet's first business-to-business destination for the small office-home office market. Under Crane's leadership, the company achieved profitability; major media acclaim; average annual revenue growth of 100%; 12 major corporate partnerships; a public offering of securities; a corporate acquisition; and consolidation into a larger publicly traded Internet company in late 1999. When the acquiring company went bankrupt in 2000, Crane rebuilt CorpHQ from startup for a second time under its current business model. Steve Crane is also a knowledgeable and passionate advocate for small publicly traded companies.

He served on the National Association of Securities Dealers' OTC-Bulletin Board Best Practices Committee during 1999, and is a co-founding director of the CEO Council.

### ***Mr. Barry Jahn, Advisor & President of the company's Hawaiian joint venture***

Mr. Barry Jahn, President of the company's Hawaiian joint venture focused on the government subcontracting arena, has joined the Stronghold Advisory Board.

### ***Mr. John Akouris, Senior Vice President—Moore Protection***

Mr. Akouris is a recognized leader in Southern California's security industry, and is the newest addition to the Moore Protection "All Star Team." He began his career in residential security in 1973 as a sales representative for Westinghouse Electric Security in Chicago Illinois. In 1976, John moved to Southern California and joined Westec Security as Sales Manager. John increased sales in the Westec office from 1976 through 1988 to well over 100+ systems per month, with an average selling price of \$4,500 per system. In 1988, John was recruited by API Security to build its residential security division. From 1988 to 1993, John's sales team made API a major residential market player in West Los Angeles and surrounding cities. In 1993, API sold their residential division and John was recruited again by Westec, and he served that company in various sales and management positions until its acquisition by ADT in 2001. John has previously worked with Don Moore for many years at Westec, and hearing of the strong reputation for exceptional service that Moore Protection had built, he joined Moore Protection in March of 2005.

### ***Mr. Bryan Kelly, Vice President—Operations***

Mr. Kelly joined Moore Protection in his twentieth year as a leading technical professional in the security industry. He has led or participated in thousands of sophisticated installations in his career for a diverse client base including celebrities, high profile business leaders and the U.S. Government. He was a member of the elite technical team that installed, programmed, calibrated and implemented weather compensated integrated security, surveillance and access control systems at Guantanamo Bay, Cuba.

From 1987 to 1997, Mr. Kelly served as an Electronics Technician for Quanta Systems Inc., where his diverse responsibilities included supporting U.S. military clients. He maintained Top Secret and Sensitive Information N.S.A. security



clearances. He gained experience with a variety of technologies including fiber optic, radio frequency spectral analysis and test, security and surveillance, access control and biometric readers. During this time, he became familiar with all aspects of project implementation including client consultation and proposal, project survey and design, installation, programming, test, training and support.

From 1997 to 2006, Mr. Kelly served as a Senior Field Technician, for ADT Security, where he was responsible for maintenance and repair of residential systems for celebrity and high profile clients. During this time, he provided consulting and training on a variety of security products for customers and service technicians. Mr. Kelly earned a B.Sc. in Behavioral Psychology from Valparaiso University in 1991.

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### *Mr. Craig Dukes, Operations Supervisor—Moore Protection*

Mr. Dukes joined Safeguard Technology in September 2004 as an outside marketing representative. While in the field performing various marketing activities, he was often called upon to expedite field operations and has since moved full time into operations supervision. He is responsible for supplying and supporting installation crews, interfacing with contractors, clients, and subcontractors as well as maintaining current client information with the monitoring station. Mr. Dukes has served as Parts Manager, Assistant Manager and Outside/Inside Salesman for various companies and has experiences in inventory control, work

**Investor Insight**  
**Phil Scott, CFA**  
**Senior Research Analyst**

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***Phil Scott, CFA***  
***Principal***

Twenty years of financial, valuation, corporate advisory, merger and acquisition and restructuring experience.

In addition to his research and valuation work, he currently serves as the interim CFO for two public companies. Mr. Scott is a Chartered Financial Analyst designee. Mr. Scott has also served as the CFO for SurgiCare, Inc., PSX, Inc. and The Camden Group and has led these companies through successful restructuring and equity sales. Mr. Scott has also served as Vice President of Development for Health Care Partners, Ltd. and Heritage Provider Network, Inc., completing numerous acquisitions. He has an MBA (Summa Cum Laude) from the University of San Diego and a BS Degree in Chemical Engineering from California Institute of Technology.



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