ALASKA GROWTH CAPITAL BIDCO, INC. AND SUBSIDIARIES

(A Wholly Owned Subsidiary of
Arctic Slope Regional Corporation)

Consolidated Financial Statements

December 31, 2003 and 2002

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Directors
Alaska Growth Capital BIDCO, Inc.

We have audited the accompanying consolidated balance sheets of Alaska Growth Capital BIDCO, Inc. and subsidiaries (a wholly owned subsidiary of Arctic Slope Regional Corporation) (Company), as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholder's equity and cash flows, for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alaska Growth Capital BIDCO, Inc. and subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the 2003 consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

February 13, 2004

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ALASKA GROWTH CAPITAL BIDCO, INC. AND SUBSIDIARIES

(A Wholly Owned Subsidiary of
Arctic Slope Regional Corporation)

Consolidated Balance Sheets

December 31, 2003 and 2002

Assets		**2003**	**2002**
Cash and cash equivalents	$	79,299	1,444,899
Accounts receivable		340,798	336,992
Accounts receivable, sold loans		4,556,745	—
Loans held for sale (note 2)		704,140	556,549
Interest receivable		52,048	100,123
Prepaid and other assets		72,000	28,941
Loan servicing asset		215,753	73,649
Loans receivable, net of allowance for loan losses of $626,399 and $436,656 at December 31, 2003 and 2002, respectively (notes 2 and 3)		7,276,157	9,593,747
Deferred tax asset (note 6)		682,551	540,573
Assets held in trust (note 7)		982,165	509,268
Property and equipment, net of accumulated depreciation (note 4)		302,138	336,890
	$	15,263,794	13,521,631
Liabilities and Stockholder's Equity			
Accounts payable and accrued expenses	$	629,930	924,256
Income taxes payable to parent (note 6)		1,129,249	1,514,057
Deferred revenue		2,729,600	2,594,400
Deferred compensation liability (note 7)		982,165	509,268
Minority interest		291,211	134,881
Loan servicing liability		93,870	67,263
Total liabilities		5,856,025	5,744,125
Stockholder's equity:			
Common stock		2,058,773	2,058,773
Additional paid-in capital		3,327,488	2,352,488
Retained earnings		4,021,508	3,366,245
Total stockholder's equity		9,407,769	7,777,506
Commitments and contingencies (notes 7, 8, and 10)			
	$	15,263,794	13,521,631

See accompanying notes to consolidated financial statements.

ALASKA GROWTH CAPITAL BIDCO, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of
Arctic Slope Regional Corporation)

Consolidated Statements of Income

Years ended December 31, 2003 and 2002

	2003	2002
Revenues:		
Material transportation	$ 2,776,067	1,376,859
Gain on sale of loans	1,025,837	594,469
Grant and contribution revenue	985,273	2,369,327
Interest and fees on loans	784,326	1,038,310
Consulting income	56,837	37,181
Interest and investment earnings	30,139	25,873
Loan conversion credits, ASTF	—	930,647
Other income	80,891	63,432
	5,739,370	6,436,098
Costs and expenses:		
Cost of material transportation	1,955,530	1,059,610
Salaries and employee benefits	1,386,827	1,287,031
Professional fees	275,287	276,492
Equipment, rent and operations	184,980	70,795
Insurance	166,115	67,026
Provision for loan losses (note 3)	153,100	124,362
Office operations	104,373	73,185
Depreciation and amortization	85,199	79,688
Travel	70,787	89,910
Advertising and promotion	54,096	23,135
Dues, fees and licenses	44,661	23,849
Supplies	42,022	45,158
Utilities	33,923	38,063
Board and committee fees	25,263	23,400
Bad debt expense	23,742	53,950
Professional development	13,030	22,632
Loss on sale of asset	—	11,242
Other	12,814	43,637
	4,631,749	3,413,165
Operating income	1,107,621	3,022,933
Other expenses:		
Interest	4,106	93,359
Minority interest	156,329	48,410
Income before income tax	947,186	2,881,164
Income tax expense (note 6)	385,385	1,167,596
Income from continuing operations	561,801	1,713,568
Discontinued operations:		
Income (loss) from discontinued operations net of income tax expense (benefit) of $62,829 and ($327,873) for 2003 and 2002, respectively (note 5)	93,462	(487,731)
Gain from sale of vessel, net of income tax expense of $73,478 for 2002 (note 5)	—	109,304
Net income	$ 655,263	1,335,141

See accompanying notes to consolidated financial statements.

ALASKA GROWTH CAPITAL BIDCO, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of
Arctic Slope Regional Corporation)

Consolidated Statements of Stockholder's Equity

Years ended December 31, 2003 and 2002

		Common stock	Additional paid-in capital	Retained earnings	Total
Balance as of December 31, 2001	$	2,058,773	1,000,000	2,031,104	5,089,877
Capital contribution (note 6)		—	1,352,488	—	1,352,488
Net income for 2002		—	—	1,335,141	1,335,141
Balance as of December 31, 2002		2,058,773	2,352,488	3,366,245	7,777,506
Capital contribution (note 6)		—	975,000	—	975,000
Net income for 2003		—	—	655,263	655,263
Balance as of December 31, 2003	$	2,058,773	3,327,488	4,021,508	9,407,769

See accompanying notes to consolidated financial statements.

ALASKA GROWTH CAPITAL BIDCO, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of
Arctic Slope Regional Corporation)

Consolidated Statements of Cash Flows

Years ended December 31, 2003 and 2002

		2003	2002
Operating activities:			
Net income	$	655,263	1,335,141
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		85,199	79,688
Bad debt expense		23,742	53,950
Noncash activity relating to discontinued operations		—	21,039
Equity allocable to minority interest		156,329	48,410
Loan conversion credits, ASTF		—	(930,647)
Forgiveness of accrued interest expense		—	34,278
Deferred taxes		(141,978)	(218,945)
Provision for loan losses		153,100	124,362
Loss on sale of assets		—	11,242
Changes in assets and liabilities that provided (used) cash:			
Interest receivable		48,075	(2,269)
Accounts receivable		(27,548)	(12,861)
Accounts receivable, sold loans		(4,556,745)	—
Prepaids and other assets		(200,670)	27,448
Accounts payable and accrued expenses		580,987	1,458,064
Deferred revenue		135,200	535,200
Net cash provided by (used in) operating activities		(3,089,046)	2,564,100
Investing activities:			
Purchase of property and equipment		(41,988)	(372,565)
Proceeds from sale of vessel, net of loan repayment (note 5)		—	1,460,000
Proceeds from minority interest		—	46,471
Investment in Alaska Fisheries, LLC, net of cash received (note 5)		—	(459,932)
Net increase in loans		1,765,434	(5,045,546)
Net cash provided by (used in) investing activities		1,723,446	(4,371,572)
Financing activities:			
Principal payments on long-term debt		—	(522,398)
Net decrease in cash and cash equivalents		(1,365,600)	(2,329,870)
Cash and cash equivalents:			
Beginning of year		1,444,899	3,774,769
End of year	$	79,299	1,444,899
Noncash activity:			
Forgiveness of income tax payable by Parent (note 6)	$	975,000	1,352,488

See accompanying notes to consolidated financial statements.

(1) Operations and Summary of Significant Accounting Policies

(a) Operations

Alaska Growth Capital BIDCO, Inc. (Company), a wholly owned subsidiary of Arctic Slope Regional Corporation (Parent) was formed under the provisions of Alaska Statute 10.13 "Alaska BIDCO Act". The Company was incorporated on April 25, 1997, as a profit-oriented, market-disciplined private financial institution providing risk capital and management assistance to small and medium sized businesses in Alaska. Specifically, the Company is a financial entity that makes loans to private businesses that might not otherwise qualify for loans from a commercial bank. By statute, the Company is also authorized to make equity investments. Loans and equity investments made are restricted to entities within the State of Alaska.

As stated in the Articles of Incorporation of the Company, ten thousand (10,000) shares of Class C, no par value, nonassessable, voting common stock is authorized. As of December 31, 2003 and 2002, 2,058 shares have been issued to the sole stockholder, Arctic Slope Regional Corporation (ASRC or Parent).

(b) Estimates and Assumptions

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(c) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiary Alaska Fisheries, LLC and its 51% owned subsidiary ASRC Transportation, LLC. Alaska Fisheries, LLC was formed in 2000 to own and operate a catcher processor long line fishing vessel (note 5). ASRC Transportation, LLC was formed in December 2001 to provide environmental and trucking services in and around the State of Alaska. All significant inter-company balances and transactions have been eliminated.

(d) Cash and Equivalents

Cash and cash equivalents consist of highly liquid investments, maintained as part of the Company's cash management activities, which are readily convertible into cash and have maturities of less than three months from their date of purchase.

(e) Loans and Loan Fees

Loans are reported at their outstanding unpaid principal balances, adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loans are placed in nonaccrual when management believes the collectibility of the interest is doubtful. All interest accrued but not collected for loans that are placed on nonaccrual is reversed against interest income. The interest on these loans is accounted for on the cash basis, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Loan origination fees, net of certain direct origination costs, are deferred and recognized over the life of the loan by a method approximating the level-yield method.

(f) ***Allowance for Loan Losses***

The allowance for loan losses is a management estimate of the reserve necessary to absorb probable losses in the Company's loan portfolio. In determining the adequacy of the allowance, management evaluates prevailing economic conditions, results of regular examinations and evaluations of the quality of the loan portfolio by external parties, actual loan loss experience, the extent of existing risks in the loan portfolio and other pertinent factors. Future additions to the allowance may be necessary based on changes in economic conditions and other factors used in evaluating the loan portfolio. Additionally, the State of Alaska, as an integral part of their examination process, periodically reviews the allowance for loan losses. This agency may require additions to the allowance based on their judgments of information available to them at the time of their examination.

The allowance for impaired loans is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral dependant loans.

(g) ***Loans Held for Sale***

Loans held for sale are carried at the lower of cost or estimated fair value in aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

(h) ***Property and Equipment***

Property and equipment is recorded at the lower of cost or estimated fair value, and is depreciated over the estimated useful lives ranging from three to five years using the straight-line method.

(i) ***Investments in Affiliates***

Investments in affiliates in which the Company exerts significant influence, generally when the percentage ownership is greater than 20% but less than 50%, are accounted for on the equity method of accounting. The Company's prorata share of the earnings or losses is reflected in the consolidated statements of income.

(j) ***Revenue from Sales of Loans***

Gains or losses resulting from sales of loans are recognized at the date the loans are sold if no significant contingencies exist. The Company obtains guarantees from the Small Business Administration and United States Department of Agriculture for 80 – 90% of the loan balance, which is then sold on the secondary market without recourse

(k) ***Loan Servicing Fees***

The Company accounts for servicing rights in accordance with the provisions of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities.* SFAS No. 140 requires the Company to recognize servicing assets and/or servicing liabilities dependent on whether the benefits of specific servicing contracts are expected to be more than adequate compensation to the Company for performing the servicing. Servicing assets are required to be evaluated for impairment. Any servicing asset or liability which results from the application of SFAS No. 140 is required to be amortized over the period of estimated net servicing income or loss.

(l) ***Deferred Revenues***

Deferred revenues consist of advances from funding agencies. Advances from funding agencies are considered earned when performance goals and other restrictive covenants of the grants are achieved.

(m) ***Earnings (Loss) Applicable to Minority Interests***

Minority interest in results of operations of the consolidated subsidiary represents the minority shareholder's share of the income or loss of the consolidated subsidiary. The equity of minority shareholder in consolidated subsidiary in the consolidated balance sheet reflects the original investment by this minority shareholder in the consolidated subsidiary, along with its proportional share of the earnings or losses of the subsidiary.

(n) ***Contributions***

Contributions are considered earned when received unless there are significant donor imposed restrictions.

(o) ***Income Taxes***

The Company files a consolidated return with its Parent; however, the Company records its own tax expense and liability as if it filed on a stand-alone basis, and the Company uses the asset and liability method of 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. 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.

(p) ***Geographic Concentration and Alaska Economy***

The Company's growth and operations depend upon the economic conditions of Alaska and the specific markets it serves. The economy in Alaska is dependent upon the natural resources industries, in particular oil production, as well as tourism, government, and U.S. military spending. Any significant changes in the Alaska economy and the markets the Company serves could have a positive or negative impact on the company.

(q) ***Reclassifications***

Certain reclassifications have been made to the 2002 balances to conform to the 2003 presentation.

(r) ***Financial Statement Presentation***

The Company prepares its financial statements using an unclassified balance sheet as is customary in the commercial banking industry.

A classified balance sheet presentation would have aggregated current assets, current liabilities and net working capital, as follows:

	2003	2002
Current assets	$ 8,230,615	5,537,179
Current liabilities	1,853,049	2,505,576
Excess of current assets over current liabilities	$ 6,377,566	3,031,603

(2) Loans Receivable

The Company's loan portfolio is primarily comprised of floating rate commercial financing, secured by real estate or other similar collateral. The scheduled principal payments on the loan portfolio are as follows:

Year ending December 31:	
2004	$ 1,786,044
2005	667,886
2006	579,339
2007	515,830
2008	439,505
Thereafter	4,598,942
	8,587,546
Net loan fees and discount	(684,990)
Allowance for loan losses	(626,399)
	$ 7,276,157

At December 31, 2003 and 2002, the recorded investment in loans that are considered to be impaired was $246,456 and $243,217, respectively, all of which were on nonaccrual basis. At December 31, 2003 and 2002, a specific allowance of $126,844 and $75,000 respectively, was established against the recorded investment in impaired loans.

At December 31, 2003, the Company had $4,556,745 in loans held for sale with cash to be received in the first quarter of 2004. At December 31, 2003 and 2002, the Company serviced total loans of $40,028,963 and $27,083,845, respectively.

(3) Allowance for Loan Losses

The following is a detail of the activity in the allowance for loan losses:

		2003	2002
Balance as of January 1,	$	436,656	267,500
Provision for loan losses		153,100	124,362
Net recoveries (charge-offs)		36,643	44,794
Balance as of December 31,	$	626,399	436,656

(4) Property and Equipment

The Company's investment in property and equipment at December 31, is as follows:

		2003	2002
Leasehold improvements	$	3,375	1,750
Transportation vehicles		333,794	323,220
Office equipment		168,694	138,959
		505,863	463,929
Less accumulated depreciation		(203,725)	(127,039)
	$	302,138	336,890

(5) Investment in Alaska Fisheries, LLC

In December 2000, the Company purchased a 45% interest in Alaska Fisheries, LLC for $550,000 in cash and the conversion of a $250,000 outstanding loan receivable. During 2001, the Company increased its ownership interest to 49.4% under a member credit support agreement. Alaska Fisheries, LLC was organized for the purpose of catching, harvesting, processing and bringing to market ground fish caught in and around the Bering Sea and the waters off the Aleutian Islands. The LLC began operations in October 2000.

In June 2002, the Company purchased an additional 25% of the LLC for $459,932, net of cash assumed. In December of 2002, the Company assumed the remaining shares of the LLC under a recapitalization agreement. Concurrent with the recapitalization agreement, the Company sold the primary long-term asset of the LLC for $2,650,000, which resulted in a gain on sale of $182,782. The LLC used the proceeds to pay off $1,190,000 of long-term debt owed to the Company and $522,398 of long-term debt owed to a financial institution.

Coinciding with the sale of the vessel, the LLC essentially ceased operations and has winded down the business in 2003.

(6) Income Taxes

The Company files a consolidated tax return with its parent. The provision for income taxes for the years ended December 31 consists of the following:

		2003	2002
Current	$	590,192	1,132,146
Deferred		(141,978)	(218,945)
	$	448,214	913,201

Provision (benefit) for income taxes by operations is as follows:

		2003	2002
Continuing operations	$	385,385	1,167,596
Discontinued operations		62,829	(254,395)
	$	448,214	913,201

The actual income tax expense for 2003 and 2002 differs from the "expected" tax expense, computed by applying the U.S. federal corporate tax rate of 34% to income before income taxes, as follows:

		2003	2002
Computed "expected" income tax expense	$	375,182	764,436
State income tax, net of federal benefit		68,416	139,397
Other		4,616	9,368
	$	448,214	913,201

The components of and changes for the years ended December 31 in the deferred tax asset are as follows:

		2002	Deferred tax expense	2003
Deferred tax assets:				
Deferred compensation	$	338,908	(65,701)	404,609
Allowance for loan losses		175,536	(76,276)	251,812
Other		26,129	(1)	26,130
	$	540,573	(141,978)	682,551

During 2003 and 2002, the Parent forgave $975,000 and $1,352,488 of income taxes payable, respectively. The amounts are reflected as additions to paid in capital.

(7) Retirement Plan

The Company participates in a qualified defined contribution 401(k) retirement plan (Plan) covering substantially all employees who have six months of service. The Plan is sponsored by ASRC. The Company matches employee contributions to the 401(k) Plan up to an annually determined percentage of each participant's compensation subject to statutory limits. For the years ended December 31, 2003 and 2002, the match rate was 4%. The amounts charged to operations for the years ended December 31, 2003 and 2002, were $19,104 and $24,179, respectively.

During 1997, the Company initiated a nonqualified plan (Plan) covering an executive of the Company. The Plan is designed to provide a long-term incentive program to such individual and promote the success of the Company. The Plan provides a cash benefit to the individual equal to 20% of accumulated earnings, as defined in the Plan. Benefit payments under the Plan will be made upon a change in control of the Company, or the individual's termination of employment, death or disability, whichever occurs first. The individual's interest in his benefit under this Plan shall vest over the course of four years from the effective date, at a rate of 25% a year. The amounts charged to operations for the years ended December 31, 2003 and 2002, were $167,437 and $333,785, respectively.

(8) Operating Lease

The Company occupies office space in a building leased by the Parent and has a long term nonbinding commitment to lease for $13,500 per month. In September 2003, Alaska Environmental, LLC, began leasing office space for $3,400 per month, which expires in August 2004.

Lease expense on all operating leases of the Company was $184,980 and $69,541 for the years ended December 31, 2003 and 2002, respectively.

(9) Related Party Transactions

(a) Central Treasury Banking and Financing

The Company has a central treasury account which is managed by ASRC. As a result, the Company cash balances are invested in interest bearing overnight funds daily. The central treasury also serves as an operating line-of-credit from which the Company is able to draw operating capital.

The Company earns or pays interest based on its actual daily balance in the central treasury. Total net interest income (expense) for the Company was $26,494 and ($33,206), during the years ended December 31, 2003 and 2002, respectively.

(b) Insurance

The Company participates in a self-insurance program with ASRC for workers' compensation, general and excess liability, auto, property and miscellaneous insurance coverage. The Company is charged workers' compensation insurance based on actual labor classifications of its employees. An allocation of general liability, other insurance coverage, and administration of brokerage fees is based on gross revenue. For the years ended December 31, 2003 and 2002, the Company incurred insurance expense of $54,236 and $18,894, respectively, for these policies. At December 31, 2003 and 2002, the Company had $37,435 and $19,965 payable to ASRC for insurance and other operating expenses.

(c) *Related Party Transactions*

During 2003 and 2002, ASRC Transportation, LLC recorded revenue of $516.918 and $1.224.873, respectively, for services rendered to its minority owner. At December 31, 2003 and 2002, the LLC had a receivable balance of $160,728 and $40,215 from the minority owner.

(10) Commitments and Contingencies

(a) *Grants and Loans*

Grants and loans received are subject to audit by funding agencies or their representatives. Amounts reflected in the consolidated financial statements as revenues in prior periods have generally not been audited by the funding agencies. Accordingly, adjustments of amounts received under grants and loans could result if the grants and loans are audited by such agencies. The Company believes it has complied with all grant and loan agreements.

(b) *Loan Commitments*

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These instruments are limited to lines-of-credit and loan commitments. The credit and market risks involved in issuing the lines-of-credit and loan commitments are essentially the same as those involved in extending loans to customers. Such transactions are made under the same terms, including interest rates and collateral, as those prevailing at the same time for comparable on-balance sheet transactions. Amounts of off-balance sheet commitments as of December 31, 2003 and 2002, are $240,000 and $285,575, respectively, for unused lines-of-credit. Loan commitments at December 31, 2003 and 2002, were $1,225,012 and $813,000.

Alaska Growth Capital

Consolidating Schedule - Balance Sheet Information

December 31, 2003

	Alaska Growth Capital	ASRC Transport LLC	Alaska Fisheries LLC	Eliminations	Consolidated Balance
Assets					
Cash and cash equivalents	$ (339,615)	418,914	—	—	79,299
Accounts receivable	114,248	226,550	—	—	340,798
Accounts receivable, sold loans	4,556,745	—	—	—	4,556,745
Loans held for sale	704,140	—	—	—	704,140
Interest receivable	52,048	—	—	—	52,048
Prepaid and other current assets	19,380	52,620	—	—	72,000
Investment in AK Environmental	473,096	—	—	(473,096)	—
Loan servicing asset	215,753	—	—	—	215,753
Loans receivable, net of current portion and allowance for loan losses	7,413,685	—	—	(137,528)	7,276,157
Deferred tax asset	682,551	—	—	—	682,551
Assets held in trust	982,165	—	—	—	982,165
Property and equipment, net	60,330	241,808	—	—	302,138
	$ 14,934,526	939,892	—	(610,624)	15,263,794
Liabilities and Stockholder's Equity					
Accounts payable and accrued expenses	$ 591,873	38,057	—	—	629,930
Income taxes payable to parent	1,129,249	—	—	—	1,129,249
Deferred revenue	2,729,600	—	—	—	2,729,600
Deferred compensation liability	982,165	—	—	—	982,165
Long-term debt	—	137,528	—	(137,528)	—
Minority interest	—	—	—	291,211	291,211
Servicing liability	93,870	—	—	—	93,870
Total liabilities	5,526,757	175,585	—	153,683	5,856,025
Stockholder's equity:					
Preferred stock	—	170,000	—	(170,000)	—
Common stock	2,058,773	176,471	—	(176,471)	2,058,773
Additional paid-in capital	3,327,488	—	—	—	3,327,488
Retained earnings	4,021,508	417,836	—	(417,836)	4,021,508
Total stockholder's equity	9,407,769	764,307	—	(764,307)	9,407,769
	$ 14,934,526	939,892	—	(610,624)	15,263,794

See accompanying Independent Auditors' Report.

Alaska Growth Capital

Consolidating Schedule - Income Statement Information

Year ended December 31, 2003

	Alaska Growth Capital	ASRC Transport LLC	Alaska Fisheries LLC	Eliminations	Consolidated Balance
Revenues:					
Material transportation	$ —	2.776.067	—	—	2.776.067
Gain on sale of loans	1.025.837	—	—	—	1.025.837
Grant revenue	985.273	—	—	—	985.273
Interest and fees on loans	806.946	—	—	(22.620)	784.326
Consulting fees	110.837	—	—	(54.000)	56.837
Interest and investment earnings	30.139	—	—	—	30.139
Other income	81.714	(823)	—	—	80.891
	3.040.746	2.775.244	—	(76.620)	5.739.370
Costs and expenses:					
Cost of goods sold	—	1.955.530	—	—	1.955.530
Salaries and employee benefits	1.260.132	126.695	—	—	1.386.827
Professional fees	235.186	94.101	—	(54.000)	275.287
Equipment, rent and operation	162.000	22.980	—	—	184.980
Insurance	54.236	111.879	—	—	166.115
Provision for loan losses	153.100	—	—	—	153.100
Office operations	101.917	2.456	—	—	104.373
Depreciation and amortization	37.612	47.587	—	—	85.199
Travel	56.801	13.986	—	—	70.787
Advertising and promotion	54.096	—	—	—	54.096
Dues, fees and licenses	25.827	18.834	—	—	44.661
Supplies	25.909	16.113	—	—	42.022
Utilities	22.058	11.865	—	—	33.923
Board and committee fees	25.263	—	—	—	25.263
Bad debt expense	19.833	3.909	—	—	23.742
Professional development	13.030	—	—	—	13.030
Other	5.625	7.189	—	—	12.814
	2.252.625	2.433.124	—	(54.000)	4.631.749
Operating income	788.121	342.120	—	(22.620)	1.107.621
Other income and expenses:					
Interest expense	(3.645)	(23.081)	—	22.620	(4.106)
Equity in income from ASRC Transporation, LLC	162.710	—	—	(162.710)	—
Minority interest	—	—	—	(156.329)	(156.329)
Equity in income from AK Fisheries LLC	156.291	—	—	(156.291)	—
Income before income tax	1.103.477	319.039	—	(475.330)	947.186
Income tax expense	448.214	—	—	(62.829)	385.385
Income from continuing operations	655.263	319.039	—	(412.501)	561.801
Discontinued operations					
Income from operations of discontinued operations net of income tax expense	—	—	156.291	(62.829)	93.462
Net income	$ 655.263	319.039	156.291	(475.330)	655.263

See accompanying Independent Auditors' Report.