

**Brooklyn Basketball, LLC and Subsidiary**  
(A wholly owned subsidiary)  
**Consolidated Statements of Operations**  
**June 30, 2006 and 2005**

	2006	2005
<b>Operating income</b>		
Ticket sales, net of admission taxes and league gate share	\$ 37,913,457	\$ 31,434,872
Television revenues, net	28,677,624	28,005,594
Sponsorship and promotional revenues	10,979,068	5,428,270
Arena revenues, including concessions, parking and suite revenues	6,334,397	5,329,747
Equity in income of NBA related entities	5,114,377	3,509,593
Playoff revenue	4,999,438	1,839,764
Other revenues	5,183,670	1,859,581
Total operating income	<u>99,202,031</u>	<u>77,407,421</u>
<b>Operating expenses</b>		
Player salaries	58,896,983	41,492,352
Loss on players' contracts	662,139	1,194,064
Team staff salaries	9,258,580	7,113,365
Team costs	12,573,596	9,262,160
Scouting	863,790	596,337
Public relations	546,371	522,839
Game presentation	1,384,065	1,104,027
Sponsorship sales	3,894,169	1,926,843
Marketing	3,055,296	2,856,866
Ticket sales	5,914,909	2,980,541
Ticket operations	298,836	214,856
Broadcast	2,025,087	917,012
Systems	265,829	157,223
Indemnity insurance	2,988,669	2,849,817
General and administrative	8,627,879	8,155,369
Acquisition related and organization costs	-	1,705,954
Depreciation and amortization	41,032,427	42,051,322
Playoff expenses	2,385,772	934,664
Total operating expenses	<u>154,674,397</u>	<u>126,035,611</u>
Net operating loss	<u>(55,472,366)</u>	<u>(48,628,190)</u>
<b>Other expenses</b>		
Interest expense, net	(12,635,368)	(7,333,154)
Net loss	<u>\$ (68,107,734)</u>	<u>\$ (55,961,344)</u>

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