Double Eagle Holdings, Ltd.
Form 10-K
December 29, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2008

Commission file number 814-00742

Double Eagle Holdings, Ltd.
(Exact name of registrant as specified in its charter)

Nevada	87-0460247
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7633 East 63rd Place, Suite 220, Tulsa, OK 74133
(Address of principal executive offices) (Zip Code)

Registrant's telephone number 918-461-1667

Securities registered under Section 12(b) of the Exchange Act:

Title of each class – None

Name of each exchange on which registered – Not applicable

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $.001
Title of class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerate filer ¨ Accelerated filer ¨ Non-accelerated filer x Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter (March 31, 2008): $1,720,499.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. There were 50,592,487 shares of common stock outstanding as of November 18, 2008.

DOCUMENTS INCORPORATED BY REFERENCE: No documents are incorporated by reference into this Report except those Exhibits so incorporated as set forth in the Exhibit index.

DOUBLE EAGLE HOLDINGS, LTD.
FORM 10-K INDEX

PART I

FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the federal securities laws that involve a number of risks and uncertainties. Our future results may differ materially from our historical results and actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors. These factors are described in the “Risk Factors” section below. Among the factors that could cause actual results to differ materially from those expected are the following: business conditions and general economic conditions; competitive factors, such as pricing and marketing efforts; and the pace and success of product research and development. These and other factors may cause expectations to differ.

ITEM 1: BUSINESS

Double Eagle Holdings, Ltd. (the “Company,” “we,” “us” or “Double Eagle”) filed a notification under Form N54a with the U.S. Securities and Exchange Commission, (the “SEC”) on April 5, 2007, indicating its election to be regulated as a business development company (a “BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Accordingly, commencing with the Form 10-Q for June 30, 2007, the Company began filing as a BDC.

As a BDC, we are required to invest at least 70% of our total assets in qualifying assets, which, generally, will be privately held companies or companies with thinly traded public securities at the time we invest in them. Qualifying assets may also include cash, cash equivalents, U.S. Government securities or high-quality debt investments maturing in one year or less from the date of investment. We may invest a portion of the remaining 30% of our total assets in debt and/or equity securities of companies that may be larger or more stable than target portfolio companies.

Originally incorporated in 1985, as Network Information Services, Inc., Network Systems International, Inc. ("NESI"), a Nevada corporation, was the surviving corporation of a reverse merger completed in April 1996 and we became a publicly traded entity in connection with the re-organization. The securities now trade on the Over-The-Counter Bulletin Board under the symbol DEGH. Effective February 10, 2001, we changed our name from Network Systems International, Inc., to Onspan Networking, Inc. ("Onspan"). On October 9, 2001, we affected a 1 for 12 reverse stock split of our issued and outstanding common stock. Prior to August 5, 2002, we were a holding company that through our wholly owned subsidiary, InterLAN Communications, Inc. ("InterLAN"), developed data communications and networking infrastructure solutions for business, government and education. On August 5, 2002, we completed the sale of our operating division InterLAN and announced a change in our strategy of business as discussed below. On April 22, 2003, we created a new subsidiary, Coventry 1 Inc., a Nevada corporation. We had one other subsidiary, Onspan SmartHouse, Inc., a Florida corporation.

As of June 21, 2006, substantially all of our debt ($709,181) was forgiven or assumed by our former CEO and other shareholders and we sold our remaining subsidiary, OnSpan SmartHouse, Inc. The $709,181 in obligations was recorded as a contribution to our capital.

On October 25, 2006, the Board of Directors approved an amendment to the Certificate of Incorporation which authorized a one share for 11 share reverse split of the authorized issued and unissued common shares, par value $.012. The amendment was effective November 6, 2006, and the authorized shares were reduced from 8,333,333 shares to 757,576 shares and the issued shares were reduced from 1,339,219 to 121,749 shares. All share transactions in this Form 10-K have been adjusted to reflect the reverse split.

On November 25, 2006, pursuant to our Articles of Incorporation, the Board of Directors proposed and recommended to our shareholders that we change the name of the corporation to Double Eagle Holdings, Ltd. and increase the authorized common shares to 100,000,000 shares, par value $0.001. The Amendments were approved by a majority of our shareholders with an effective date of January 2, 2007.

The Characteristics of Desirable Investments

When we begin to look at companies, we have the option of investing in public or private companies. We look to buy businesses with the best value proposition. We conduct what is typically referred to as fundamental analysis. We believe that while technical analysis, or the examination of historical trends and demand/supply complexes, may have some merit in the short-term, fundamental characteristics in the long-term make the difference.

We look for five core characteristics in our investments:

- Profitability
- Predictable and Sustainable Returns
- Margin of Safety
- Strong Future Prospects
- Reputable Management

We look at these characteristics in a historical context and then assess what those characteristics will look like in the future. We believe that the best indication of what a company will do in the future is its past behavior. The metrics that we examine are a blend of quantitative factors, like return on equity and profit margin, and qualitative factors, like management ownership and a company's competitive advantage. By remaining disciplined with respect to these metrics, we can be assured that we have attempted to minimize the potential for a loss.

Portfolio and Firm Management

The investment portfolio of Double Eagle has several distinguishing characteristics. First and foremost is the portion of our assets that we are willing to commit to an idea. At the end of our search for outstanding companies we must be willing to commit a meaningful percentage of our assets to our best investment opportunities. Additionally, it is very likely that the number of our holdings will be relatively small. There are a limited number of companies that have stood the test of our scrutiny, so we must put a significant amount of money in those few ideas. Our portfolio of companies is focused on the best possible ideas.

We also make decisions within the context of our portfolio in such a way as to minimize its turnover. When we find good companies we will not rush to make a change at the first indication of short-term weakness. In fact such a time might be cause for additional investment. Understanding that there will be occasions for change, buying and selling has the unintended consequence of interrupting the compounding effect and any resulting superior returns.

Over the long-term it is our goal to provide a return superior to the return an investor could obtain by simply investing in low-cost index funds. We believe the philosophy presented here will, over the long-term, create wealth for our shareholders, without significant risk exposure.

Ongoing Relationships with Portfolio Companies

Monitoring

We continuously monitor our portfolio companies in order to determine whether they are meeting our investment criteria and achieving our business expectations. We monitor the progress of each portfolio company to assess the appropriate course of action for each company and to evaluate overall portfolio quality.

Managerial Assistance

As a business development company, we are required to offer, and in some cases may provide, significant managerial assistance to portfolio companies. This assistance typically involves monitoring the operations of portfolio companies, participating in their board and management meetings, consulting with and advising their officers and providing other organizational and financial guidance.

Other Income

In addition to our investment objectives, we seek to earn interest on our loans to portfolio companies and in some cases may have management fee agreements with the portfolio companies.

Frequently, to minimize the cash requirements of our portfolio companies, we may receive restricted stock in payment of our management fees and the interest owed us on our loans to our portfolio companies. Our investment committee will value the restricted stock, which will become the basis for a portion of our revenue.

Investment Personnel

The investment personnel of Double Eagle currently consist of its chief executive officer, M.E. “Hank” Durschlag and one of the other members of the Board of Directors.

Further Regulation as a Business Development Company

We are a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their affiliates, including any investment advisers or sub-advisers, principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than interested persons, as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a business development company unless approved by a majority of our outstanding common shareholders.

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes. Regulations governing our operation as a BDC will affect our ability to, and the way in which we raise additional capital, which may expose us to risks, including the typical risks associated with leverage.

Code of Ethics

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code’s requirements.

ITEM 1A: RISK FACTORS

RISK FACTORS

The purchase of our securities involves significant risks and is suitable only for investors of adequate financial means which have no need for liquidity in this investment and who can afford to lose their entire investment. Investing in common stock involves a high degree of risk. Certain risks relate to investments generally, others to our Company and our investments and others arise due to the present status of our Company but each investor should carefully consider all of the risks described below, together with all of the other information included herein, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment. The following risks affect our business and our Company:

GENERAL RISK FACTORS

We may sell additional equity in our Company in the future that may further dilute the value of your investment.

Reductions in the price of our stock resulting from the performance of our portfolio or other market conditions might result in stock being sold to new investors, including management, at prices below the price paid by you. Senior management may be granted the right, and others may have the right, under certain circumstances, to acquire additional shares of the Company's Stock at a price equal to the market price as it exists at a point in the future. If such a grant of a right occurred at a time where the price of the stock has fallen relative to the current market value and falls below the price paid by you, management might be given the right to purchase stock at a price below your cost. In either of these cases, the value of your investment would be further diluted.

Limitation of Liability and Indemnification of Management.

While limitations of liability and indemnification are themselves limited, the Company has instituted provisions in its bylaws indemnifying, to the extent permitted, against and not making management liable for, any loss or liability incurred in connection with the affairs of the Company, so long as such loss or liability arose from acts performed in good faith and not involving any fraud, gross negligence or willful misconduct. Therefore, to the extent that these provisions provide any protection to management, that protection may limit the right of a shareholder to collect damages from members of management. Management is accountable to the shareholder as a fiduciary and, consequently, members of management are required to exercise good faith and integrity in handling affairs of the Company.

The Company's Business May Become Subject to More Extensive Regulation at the Federal and State Levels. The value of securities owned by the Company may be adversely impacted by subsequent regulatory changes.

The operations of the Company are and will be affected by current and future legislation and by the policies established from time to time by various federal and state regulatory authorities. It is not possible to predict what changes, if any, will be made to existing federal and state legislation and regulations or the effect that such changes may have on the future business and earnings prospects of the Company. The Company's current investment strategy includes the purchase of unregistered securities in both private companies as well as private placements offered by public companies. We are able to purchase securities pursuant to exemptions to the registration requirements of United States Federal securities laws. Changes in such laws or their interpretation could adversely impact the ability of the Company to resell such securities which would have a negative effect on the value of such securities as well as impact the Company's overall investment strategy and the liquidity of its investments. In such an event, the Company may need to reformulate its investment strategy or the Company may choose to liquidate.

We cannot guarantee paying dividends to our stockholders.

The Company is allowed by its By-Laws to pay dividends to its stockholders. However, there can be no guarantee the Company will have sufficient revenues to pay dividends during any period. We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results or maintain a tax status that will allow or require any specified level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage test applicable to us as a business development company, we may be limited in our ability to make distributions. Investors in need of liquidity through the payment of dividends should refrain from common stock which does not have a dividend requirement.

Investing in Our Shares May Involve a High Degree of Risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be speculative and aggressive, and therefore, an investment in our shares may not be suitable for someone with low risk tolerance.

The Market Price of Our Common Stock May Fluctuate Significantly.

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors, may adversely affect our ability to raise capital through future equity financings. These factors include:

- significant volatility in the market price and trading volume of securities of business development companies or other companies in the investment industry, which are not necessarily related to the operating performance of these companies;

- changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;

- our common stock is unlikely to be followed by any market analysts, and there may be few institutions acting as market makers for the common stock which can adversely affect its price;

- loss of or inability to qualify for RIC status or BDC status;

- changes in earnings or variations in operating results;

- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of one or more of the Company's key personnel;
- operating performance of companies comparable to us;
- potential legal and regulatory matters;
- changes in prevailing interest rates;
- general economic trends and other external factors; and
- loss of a major funding source.

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

Sales of substantial amounts of our common stock or the availability of such shares for sale could adversely affect the prevailing market price for our common stock. If this occurs and continues it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

Our Board of Directors also has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued shares. Any such issuance will dilute the percentage ownership of shareholders and may, subject to the regulations pertaining to the minimum prices for which shares may be sold, further dilute the book value of the common stock. These issuances may also serve to enhance existing management's ability to maintain control of The Company.

The Company has indicated that, while it has the right, it does not intend to issue senior securities, including debt. If the Company were to reverse that decision and offer for sale and/or issue senior securities, you will be exposed to additional risks, including the typical risks associated with leverage.

You will be exposed to increased risk of loss if we incur debt to make investments. If we do incur debt, a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use debt.

- Our ability to pay dividends would be restricted if our asset coverage ratio were not at least 200% and any amounts that we use to service our indebtedness would not be available for dividends to our common stockholders.

- It is likely that any debt we incur will be governed by an indenture or other instrument containing covenants restricting our operating flexibility.
- The Company and you will bear the cost of issuing and servicing our senior securities.
- Any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock.

Our Investments May Require Us to Raise Additional Capital on Different Terms.

We may require additional capital in the future for continued funding of our investments and our operating overhead. For additional requirements, we may raise capital by issuing equity or convertible debt securities, and when we do, the percentage ownership of our existing stockholders will be diluted. In addition, any new securities we issue could have rights, preferences and privileges senior to the shares offered herein (although we have indicated that we do not intend to sell debt or preferred equity interests).

Increases in market interest rates may both reduce the value of our portfolio investments and increase our cost of capital.

We expect that we may offer loans to our portfolio companies with interest at fixed rates and the value of these investments could be negatively affected by increases in market interest rates. In addition, an increase in interest rates would make it more expensive to use debt to finance our investments. As a result, a significant increase in market interest rates could both reduce the value of our portfolio investments and increase our cost of capital, which would reduce our net investment income.

The lack of liquidity in our investments may adversely affect our business.

We will generally make investments in private companies. Substantially all of these securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, due to changes in capital needs or otherwise, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or our investment adviser has material non-public information regarding such portfolio company.

We may experience fluctuations in our quarterly and annual results.

We could experience fluctuations in our quarterly and annual operating results due to a number of factors, including the interest or dividend rates payable on the debt or equity securities we acquire, performance and/or default rate on securities we acquire, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets, and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

We may not realize gains or income from our investments.

We seek to generate both current income and capital appreciation. However, the securities, in which we invest, may not appreciate and, in fact, may decline in value, and the issuers of debt securities, in which we invest, may default on interest and/or principal payments. Accordingly, we may not be able to realize gains from our investments, and any gains that we do realize may not be sufficient to offset any losses we experience.

Your influence in matters requiring shareholder action will be subject to the probability that most shareholders will follow management's direction.

While no officer or director owns a significant amount of the issued and outstanding shares of our voting securities (and, while there are presently no other securities that can be exchanged, therefore, there are no classes of outstanding stock which would affect the percentages of voting securities), there are no consortium of shareholders that has been identified with a block of control who would likely exercise voting control over all matters that may be submitted for approval by our shareholders. Without such a controlling block, management positions will be the most likely to be presented to shareholders and more likely to influence shareholder decisions (assuming a fact that shareholders will likely "vote with" management). Therefore, while the number of shares controlled by the officers and directors is less that a majority, their position of control is material and significant.

Pursuant to the Company's Articles of Organization, the Company's Board of Directors has the authority to issue shares of stock without any further vote or action by the stockholders. The issuance of stock under certain circumstances could have the effect of delaying or preventing a change in control of the Company.

Pursuant to the Company's Articles of Incorporation, the Company's Board of Directors has the authority to issue shares of stock without any further vote or action by the stockholders. The issuance of stock under certain circumstances could have the effect of delaying or preventing a change in control of the Company or may deter takeover attempts.

Our Articles of Incorporation contain provisions that may have the effect of discouraging, delaying or making more difficult a change in control and preventing the removal of incumbent directors. The existence of these provisions may reduce any premiums over market price that a potential acquirer would offer to shareholders for their shares of our common stock. Furthermore, we are subject to provisions of the Nevada Revised Statutes that may make it difficult for a potential acquirer to exert control over our Board of Directors and may discourage attempts to gain control without the consent of the Board of Directors.

RISKS ASSOCIATED WITH BUSINESS DEVELOPMENT COMPANIES GENERALLY

BDCs generally require substantial amounts of time to realize the benefits from investments.

Venture capital investments typically take from four to eight years from the date of initial investment to reach a state of maturity at which liquidation can be considered practical. We have not completed funding of some of our portfolio companies and we anticipate that there may be an additional period of time ranging from six months to one year before the Company has obtained funding and completed investing that funding in our portfolio companies for our first round of equity investments. In light of the foregoing, it is unlikely that any significant distributions of the proceeds from the liquidation of equity investments will be made for several years after inception, if at all.

Our present senior management team has limited experience managing a business development company under the Investment Company Act of 1940.

The 1940 Act imposes numerous constraints on the operations of business development companies. For example, business development companies are required to invest at least 70% of their total assets primarily in securities of privately held or thinly traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. The lack of experience of our senior management team in managing a portfolio of assets under such constraints may hinder their ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective. Within the BDC format, the information about deals and deal flow generated by our senior management in connection with their investment and portfolio management activities will have a significant impact on our future success as a BDC. The senior management team will evaluate, structure, negotiate terms and close investments on those terms, monitor and service our investments and their abilities to perform these functions as members of a BDC will also have a significant impact on our future success as a BDC.

We will be wholly dependent for the selection, structuring, closing and monitoring of all of our investments on the diligence and skill of our management, acting under the supervision of the Company's Board of Directors. None of these individuals has substantial experience (based on an assumption for purposes of this paragraph as experience resulting from practice for more than a few years) within or under a BDC investment and management format, in acquiring and investing in growth stage companies, the negotiation of the terms of such investments and the monitoring of such investments after they are made. In addition, we may engage outside consultants and professionals known to management to assist in evaluating and monitoring portfolio companies and maintaining regulatory compliance.

While we believe that our management possesses certain fundamental business skills that will increase the likelihood, on the part of the Company, to succeed, our management team does not have “years of experience” working together in the operation and management of a BDC and might be considered as inexperienced when it comes to both the day to day operations of an investment company and the management of investments. The Company intends to rely on the general skills and business acumen of its management team as well as engaging other professionals and consultants from time to time to insure that it gains the expertise to manage a BDC.

We May Change Our Investment Policies Without Further Shareholder Approval.

Although we are limited by the 1940 Act with respect to the percentage of our assets that must be invested in qualified portfolio companies, we are not limited with respect to the minimum standard that any investment company must meet, nor the industries in which those investment companies must operate. We may make investments without shareholder approval and such investments may deviate significantly from our historic operations. Any change in our investment policy or selection of investments could adversely affect our stock price, liquidity, and the ability of our shareholders to sell their stock. Additionally, to the extent that we invest in other investment companies, while this may be limited to the extent that such investment companies are not "qualifying assets" limiting the percentage of our assets which may be invested in such investment companies, an investment in another investment company might result in duplication of services, including management and administration relating to holding of assets, which duplication could result in expenditures and costs incurred without any value to the portfolio companies, the result of which would be reduced value to our shareholders.

We may allocate our available funds in ways with which you may not agree.

We will have significant flexibility in investing our available funds. We may use these funds in ways with which you may not agree or for investments other than those contemplated at the time of the offering, unless such change in the use of proceeds is subject to stockholders' approval or prohibited by law.

We will have broad discretion in using available funds

Although we have identified generally the manner in which we expect to utilize our available funds, our management has broad discretion with respect to the specific application of the net proceeds of any funding that we obtain. We will have broad discretion in determining the specific uses of the available funds. While our corporate governance resolutions require the Board of Directors and Investment Committee to adhere to certain standards, even acting in compliance with those guidelines, our Board of Directors and Investment Committee have discretion. The Company does not permit the Board of Directors and Investment Committee to use proceeds in a manner inconsistent with the operation of a BDC. However, a portion of the proceeds may be used to engage the services of professionals or consultants to the Company, however, no such contracts have been signed at this time. Although substantially all of the net proceeds from any offering is intended to be applied for investments in eligible portfolio companies which satisfy the Company's investment criteria, we may invest some of the proceeds in the provision of services to our portfolio companies rather than invest directly. Therefore, the Company can not accurately predict costs associated with such professionals and consultants. For that reason, the use of proceeds can not be determined with absolute certainty. You will not have an opportunity to evaluate the basis for our decisions on the use of the proceeds, and will not be able to participate in such decisions.

Our Investments May Not Generate Sufficient Income to Cover Our Operations.

While we intend to make investments into those qualified companies that will provide the greatest overall return on our investment, we are required to make investments into those companies which, whether due to lack of experience or financial instability (including insolvency), may present the greatest risk. This is in conformity with the Small Business Investment Incentive Act of 1980 which amended the 1940 Act and permitted the creation of BDC's. However, certain of those investments may fail, in which case we will not receive any return on our investment. In addition, our investments may not generate income, either in the immediate future, or at all. As a result, we may have to sell additional stock, or borrow money, to cover our operating expenses. The effect of such actions could cause our stock price to decline or, if we are not successful in raising additional capital, we could cease to continue as a going concern. It should be noted that our operational costs are higher as a result of our having elected to be governed as a BDC.

We cannot assure you that we will attain our investment objective.

Shares in a BDC Will Likely Trade at a Discount.

Shares of many closed-end investment companies and most BDC's frequently trade at a discount to their net asset value. This characteristic is separate and distinct from the risk that the net asset value of the Company could decrease as a result of investment activities. This likely discount in share pricing in the market may pose a greater risk to investors expecting to sell their shares in a relatively short period following completion of this offering. We cannot predict whether our shares will trade at prices above, at or below our net asset value.

Regulations governing our operation as a business development company affect our ability to raise, and the way in which we raise, additional capital.

We have the right to issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities, the maximum amount permitted by the 1940 Act. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments or sell additional shares of common stock and, depending on the nature of our leverage, to repay a portion of our indebtedness at a time when such sales may be disadvantageous. In addition, any future issuance of additional shares of our common stock could dilute the percentage ownership of our current stockholders in us.

As a business development company regulated under provisions of the 1940 Act, we are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value of our common stock (1) if our Board of Directors determines that such sale is in the best interests of us and our stockholders, and (2) if our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any sales load).

In addition, we may in the future seek to securitize or hypothecate loans previously made by the Company to generate cash for funding new investments. To securitize or hypothecate these loans, we may contribute a pool of such loans to a wholly-owned subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers who we would expect to be willing to accept a lower interest rate to invest in investment grade loan pools although we would expect to retain a portion of the equity in the securitized pool of loans. An inability to successfully securitize and sell all of part of such a loan portfolio could limit our ability to grow our business, fully execute our business strategy and decrease our earnings, if any. Moreover, the successful securitization of our loan portfolio might expose us to losses because the residual loans in which we do not sell interests will tend to be those that are riskier and more likely to generate losses.

Our election to be governed as a BDC will require us to comply with significant regulatory requirements.

The Company elected to be regulated as a Business Development Company under the 1940 Act and be subject to Sections 54 through 65 of said Act. As a result of this election, the Company is subject to the provisions of the 1940 Act as it applies to BDC's as of the date of such election. Being subject to the BDC provisions requires us to meet significant numbers of regulatory and financial requirements. Compliance with these regulations is expensive and may create financial problems for us in the future. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could have a material adverse effect on our business.

Specifically, it must be noted that there are increased costs associated with compliance with the 1940 Act as a result of our election to become a BDC. These costs include costs associated with the increased demand for compliance including oversight by our Chief Compliance Officer and counsel to the Company as well as increased costs due to accounting methodology and valuations which increase the time and work required of both our accounting service providers and independent auditors. These costs require us to expend capital and resources that might otherwise be used to meet the needs or opportunities relating to investments and/or our portfolio companies or other income-producing assets.

If we do not remain a business development company, we might continue to be regulated as a closed-end investment company under the 1940 Act, which would decrease our operating flexibility. We cannot assure you that we will successfully retain our BDC status.

If our primary investments are deemed not to be qualifying assets, we could lose our status as a business development company or be precluded from investing according to our current business plan.

Under the 1940 Act, in order to maintain our status as a business development company, we must not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. If we acquire mezzanine loans or dividend-paying equity securities from an issuer that has outstanding marginable securities at the time we make an investment, these acquired assets cannot be treated as qualifying assets since the issuer might not be consider an “eligible portfolio company” under the 1940 Act. “Marginable securities” include any non-equity security, pursuant to certain 1998 amendments to Regulation T under the Securities Exchange Act of 1934, as amended, which raises the question as to whether a private company that has outstanding debt securities would qualify as an eligible portfolio company.

We operate in a highly competitive market for investment opportunities.

A large number of entities will compete with us to make the types of investments that we plan to make in target portfolio companies. We will compete with other business development companies, public and private funds, commercial and investment banks and commercial financing companies. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We may never be able to qualify for the income tax benefits offered to RICs.

We will be classified as a non-diversified investment company under the 1940 Act. Until we achieve a threshold level of diversification, we will not be subject to the applicable provisions for RICs under the Internal Revenue Code. Therefore, we will not receive favorable pass through tax treatment on distributions to our shareholders. This means that we will be taxed as an ordinary corporation on our taxable income even if that income is distributed to shareholders, and all distributions out of our earnings and profits will be taxable to shareholders as dividends. Thus, this income will be subject to a double layer of taxation. In the event that the Company does not qualify for RIC status, it will incur tax liabilities which might have to be paid using cash that could otherwise be used to make investments, pay expenses or dividends. The creation of tax liabilities will also require the Company to adjust its accounting to include a reserve or allocation for such tax as anticipated to be due. This can result in reduced earnings or cash positions which can have an adverse impact on the financial condition as shown by the financial statements.

RISKS ASSOCIATED WITH INVESTMENTS AND PORTFOLIO COMPANIES

There are costs associated with the purchase and sale of securities.

While the general approach of a BDC may suggest a long-term holding position of the securities of its portfolio companies, some of the strategies of the Company may include purchases of different classes of securities or frequent trading to maximize profits and, as a consequence, risks related to turnover and costs such as brokerage commissions may be greater than that of an investment in a single entity for a single class of security held for a longer period of time. The operating expenses of the Company, including, but not limited to, fees paid to accountants, attorneys, fees to execute trades, manage investments and fees paid to any investment advisor may, in the aggregate, constitute a greater amount of costs relative to the expenses and fees that would be associated with an investment in a single entity for a single class of security held for a longer period of time.

There are numerous risks arising from investing in securities.

The securities industry is generally competitive. The various methods of investment strategy each involve a degree of risk. The Company will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. While the Company purchases securities in portfolio companies for appreciation, the profitability of the Company substantially depends upon its ability to correctly assess the future price movements of those stocks. The performance of securities in which the Company may invest are subject to numerous factors which are neither within the control of nor predictable by the Company. Such factors can include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile and this volatility has increased the degree of risk. There can be no assurance that the Company will be able to accurately predict price movements of securities purchased.

Our investments in prospective portfolio companies may be risky and you could lose all or part of your investment.

We will invest primarily in companies which have relatively short or no operating histories. These companies will be subject to all of the business risk and uncertainties associated with any new business enterprise, including the risk that these companies may not reach their investment objective and the value of our investment in them may decline substantially or fall to zero. Most of the portfolio companies into which we intend to invest will be considered “growth stage” companies.

Investments in growth stage companies offer the opportunity for significant gains. However, each investment involves a high degree of business and financial risk that can result in substantial losses. Among these are the risks associated with:

- these companies may have limited financial resources and may be unable to meet their obligations under their securities that we hold, which may be accompanied by a deterioration in the value of their equity securities or of any collateral with respect to debt securities and a reduction in the likelihood of us realizing on any guarantees we may have obtained in connection with our investment;

- they may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

- because many of these companies are privately held companies, public information is generally not available about these companies. As a result, we will depend on the ability of our investment adviser to obtain adequate information to evaluate these companies in making investment decisions. If our investment adviser is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and we may lose money on our investments;

- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

- companies operating at a loss or with substantial variations in operating results from period to period, with the need for, but generally limited ability to provide for internally, substantial additional capital to support expansion or to achieve or maintain a competitive position;

- these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and larger number of qualified managerial and technical personnel; and

- they may have less predictable operating results, may from time to time be parties to litigation, may be engaged in changing businesses with products subject to a risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our investment adviser could, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Our portfolio companies will generally be affected by the conditions and overall strength of the national, regional and local economies, including interest rate fluctuations, changes in markets and changes in the prices of their primary commodities and products. These factors also impact the amount of growth in their respective industries. Additionally, these factors could adversely impact the customer base of our portfolio companies. As a result, many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay loans or meet other obligations during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease, during these periods. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other investors or lenders could lead to defaults and, potentially, termination of loans and foreclosure on secured assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt or preferred equity, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt or equity holding and subordinate all, or a portion of our claim to those of other creditors.

Our portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, our investments in such companies.

We intend to invest primarily in mezzanine debt and dividend-paying equity securities issued by our portfolio companies. Our portfolio companies usually will have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, the securities in which we invest. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of the securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect to our investment. After repaying the senior security holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with securities in which we invest, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. In addition, we may not be in a position to control any portfolio company in which we invest. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt or preferred equity investors.

We may not be able to fully realize the value of any collateral securing any debt investments made into portfolio companies.

Although we expect that a substantial amount of our debt investments will be protected by holding security interests in the assets of the portfolio companies, we may not be able to fully realize the value of the collateral securing any such investments due to one or more of the following factors:

- since these debt investments will be primarily made in the form of unsecured or wrap-loans, the liens on the collateral, if any, will be subordinated to those of the senior secured debt of the portfolio companies, if any. As a result, we may not be able to control remedies with respect to the collateral;

- the collateral may not be valuable enough to satisfy all of the obligations under our secured loan, particularly after giving effect to the repayment of secured debt of the portfolio company that ranks senior to our loan;

- bankruptcy laws may limit our ability to realize value from the collateral and may delay the realization process;

- our rights in the collateral may be adversely affected by the failure to perfect security interests in the collateral;

- how effectively the collateral would be liquidated and the value received could be impaired or impeded by the need to obtain regulatory and contractual consents; and

- by its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. The liquidity and value of the collateral could be impaired as a result of changing economic conditions, competition, and other factors, including the availability of suitable buyers.

Our success will depend upon the success of the portfolio companies and, in great part, upon the abilities of their management.

Although our management expects to provide portfolio companies with assistance, (particularly with regard to capital formation, major personnel decisions, and strategic planning), the day-to-day operations will be controlled by the management of the portfolio companies. As the portfolio companies have yet to be identified, investors must rely upon our management to select portfolio companies that have, or can obtain, the necessary management resources. We will depend on the diligence, skill and network of business contacts of the senior management of each of the portfolio companies in which the Company invests and the professionals chosen by them, subject to the oversight of our senior management, and the information and interaction between management of the portfolio companies and our Company. Our future success will depend to a significant extent on the continued service of the senior management team of each portfolio company, the departure of any of whom, could have a material adverse effect on our ability to achieve our investment objective. Problems may arise at portfolio companies that local management do not recognize or cannot resolve. In addition, the management of portfolio companies may conceal the existence of problems from us.

Many of our portfolio investments will be recorded at fair value as determined in good faith by our Board of Directors and, as a result, there will be uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments will consist of securities of privately held or thinly traded public companies. The fair value of these securities may not be readily determinable. We will value these securities quarterly at fair value as determined in good faith by our Board of Directors based on input from our audit committee with or without the benefit of an opinion from a third party independent valuation firm. We may also be required to value any publicly traded securities at fair value as determined in good faith by our Board of Directors to the extent necessary to reflect significant events affecting the value of those securities. Our Board of Directors may, to the extent circumstances warrant it, utilize the services of an independent valuation firm to aid it in determining the fair value of any securities. The types of factors that may be considered in fair value pricing of our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, the determinations of fair value by our Board of Directors may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if the determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Limitations on availability of investment capital may adversely affect other investments.

The Company may be reliant on the availability of capital to generate profits under its investment strategy and such availability will depend, in part, on the Company's ability to timely liquidate existing positions in order to reinvest the proceeds thereof. To the extent that the Company owns securities which are not subject to a valid registration statement or otherwise available for trading under applicable securities laws, the ability of the Company to liquidate its position in such securities may be limited. The Company intends to require some of its portfolio companies to use their best efforts to cause a registration statement covering the resale of the securities purchased by the Company to be filed and declared effective by the SEC or become otherwise freely tradeable. However, there can be no guarantee that the SEC or other regulating body will declare such a registration statement effective or permit such security to become free of restrictions within such period and, until such securities become freely tradable, the Company will likely be unable to freely liquidate such interests in restricted securities in the manner and at the prices desired. This resulting lack of liquidity could impair the ability of the Company to generate cash flow from these positions to timely pay its liabilities or obtain funds for the purpose of reinvestment. Although the Company intends to maintain adequate liquidity to achieve its future investment objectives, there can be no assurance this can be accomplished in all circumstances.

Portfolio companies are likely to need additional funding.

We expect that many portfolio companies will require additional financing to satisfy their working capital requirements. The amount of additional financing needed will depend upon the maturity and objectives of the particular company. Each round of venture financing, whether from the Company or other investors is typically intended to provide a portfolio company with enough capital to reach the next major valuation milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Company. The availability of capital is generally a function of capital market conditions that are beyond the control of the Company or any portfolio company. We cannot assure you that the Company's management or the management of portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available to portfolio companies from any source. If funding is not available, some portfolio companies may be forced to cease operations.

BDC investments are generally illiquid.

We anticipate that most of our holdings in portfolio companies will be securities that are subject to restrictions on resale. Generally, unless the securities are subsequently registered under the 1933 Act, the Company will not be able to sell these securities unless all of the conditions of Rule 144 are met or another rule under the 1933 Act that permits limited sales under specified conditions. When restricted securities are sold to the public, the Company may be deemed an underwriter, or possibly a controlling person, with respect thereto for the purpose of the Securities Act and may be subject to liability as such under the 1933 Act. These restrictions could require us to hold securities or refrain from sale and be unable to liquidate a position even at a loss.

Even if we meet all of the conditions of the 1933 Act, there may be no market for the securities that we hold. These limitations on liquidity of a BDC's investments could prevent a successful sale thereof, result in delay of any sale, or substantially reduce the amount of proceeds that might otherwise be realized. It is possible that one or more of the portfolio companies may not qualify to rely on such exemptions or to use a registration statement. In such event, the Company would end up owning "restricted" securities subject to resale under Rule 144

There are risks which result from the inherent concentration of investments prior to diversification.

While the Company intends to allocate its investments among different portfolio companies, it is possible that, prior to our achieving diversification, a significant amount of or all of the Company's investments and, hence, our Net Asset Value could, at any one time, be invested in the securities of just a few portfolio companies. Thus, the success of the Company and its Net Asset Value would be dependent on the success of just a few portfolio companies and all of the risks associated with ownership of such portfolio companies including success dependent on management, success dependent on market conditions within the industry or field of such portfolio companies, success dependent on achieving the business objectives of such portfolio companies and success dependent on economic conditions and other conditions relative to the operation of such portfolio companies, would become risks borne by the Company.

There are risks associated with investments in companies with small capitalization.

The portfolio companies that the Company expects to trade in are thinly capitalized and generally will have a market capitalization below $100 million (and frequently below $25 million). These companies generally do not have experience, market awareness, tracking by analysts, institutional investors and other benefits of larger companies that result in more marketability and more stability pricing of their securities. This impacts the liquidity of securities issued by those portfolio companies. It is expected that the securities of most, if not all, of the portfolio companies will be thinly traded. This could present a problem when the Company determines to liquidate its position if it determines that it is in the best interest of the Company to liquidate such investment. The Company may not be able to sell the securities in the time frame and at the price it would like. Furthermore, in certain situations, as a result of a security being thinly traded, the Company could experience a significant loss in value should the Company be forced to liquidate its investment as a result of rapidly changing market conditions or other factors.

There are risks associated with investments in companies with securities that are not readily marketable.

The Company may invest in securities that are initially, or that later become, not readily marketable. For example, the Company may acquire restricted securities of an issuer in a private placement pursuant to an arrangement whereby the issuer agrees to register the resale of those securities, or, in the case of an investment in convertible or exchangeable securities, the securities underlying such securities, within a certain period of time. Such registration requires compliance with United States Federal and state securities laws and the approval of the SEC. Unless and until such registration or compliance with applicable regulation occurs, there is likely to be no market for the restricted securities. No assurance can be given that issuers will not breach their obligation to obtain or meet such registration or other compliance obligation. Similarly, securities that are at one time marketable may become unmarketable (or more difficult to market) for a number of reasons. For example, securities traded on a securities exchange or quotation system may become unmarketable if desisted from such exchange or quotation system for among other reasons, failing to satisfy the requirements for continued listing, which may include minimum price requirements. In addition, the Company may acquire restricted securities, for which no market exists, which are convertible or exchangeable into common stock of the issuer. No assurances can be given that a portfolio company which has sold a convertible security requiring exchange or conversion, will not breach its obligation to convert or exchange such securities upon demand, in which case the Company's liquidity may be adversely affected. In general, the stability and liquidity of the securities in which the Company invests will depend in large part on the creditworthiness of the issuers. Issuers' creditworthiness will be monitored on an ongoing basis by the Company. If there is a default by the issuer, the Company may have contractual remedies under the applicable transaction documents. However, exercising such contractual rights may involve delays in liquidating the Company's position and the incurrence of additional costs.

Portfolio companies in which investments are made may have publicly-traded securities but those companies or their securities may become subject to restrictions due to non-compliance. The ability of the Company to generate profits from its investment activities may be adversely affected by a failure of portfolio companies to comply with registration, conversion, exchange or other obligations under the agreements pursuant to which such securities have been sold to the Company. The failure of an issuer to register the resale of its securities sold to the Company may decrease the amount of available capital with which the Company may pursue other investment opportunities or meet current liabilities, such as the timely payment of redemptions. The Company may invest in securities that are convertible into or exchangeable for common stock of the issuer, the resale of which by the Company is (or is to be) registered. If an issuer refuses, is unable to, or delays in timely honoring its obligation to issue conversion or exchange securities, the ability of the Company to liquidate its position will be adversely affected, and the profits of the Company may be adversely affected.

We have not yet identified all of the potential investments for our portfolio.

We have not yet identified all of the potential investments for our portfolio, and, thus, potential investors will not be able to evaluate all of our potential investments prior to purchasing shares of our common stock. This factor will increase the uncertainty, and thus the risk, of investing in our shares.

We cannot assure you that we will be successful in selling the common shares or, if sold, at what price. This affects our ability to make investments and follow-through with contemplated investment opportunities.

Therefore, the Company has not entered into binding commitments to invest proceeds and may, after completion or lack of completion of this Offering, withdraw from letters of intent and contemplated transactions and/or seek new investment opportunities. In that event, investors will not have an opportunity to carefully evaluate any of the portfolio companies that we may eventually invest in and such evaluation will be entirely dependent upon our management for selecting and negotiating with these portfolio companies. We cannot assure you that we will locate or successfully negotiate a transaction with a portfolio company. We are likely to incur substantial losses in the first years of operations awaiting profitability.

If funding is obtained, it is anticipated that most of such funding, except for operating cash reserves and funds set aside for follow-on investments in then-existing portfolio companies, will be expended or committed within two years, which is expected to be prior to the receipt of any substantial realized gains by the Company. Our management anticipates that we and a number of the portfolio companies will sustain substantial losses in the initial years of operation. It is possible that these losses may never be recovered. We cannot assure you that we will ever be profitable.

The Company may sustain losses from fraud within its portfolio companies.

The risk of fraud losses on Company assets varies with, among other things, the effectiveness of security procedures utilized. Management anticipates that fraud losses, if any, will be unlikely as controls and other security measures will have been adopted by each portfolio company as a condition of our investment to protect against fraudulent misappropriation of cash and other assets. However, although the Company's management believes that any loss due to fraud will be unlikely, there can be no assurance that fraud loss experience will not become material in amount. Fraud at the BDC level is far less likely and BDC's are required to have and to have tested controls to limit this possibility. It must be noted that, in addition to basic controls as to financial data, BDC's are required to have in place certain safeguards which may render risks to investment assets from fraud to be nominal but these risks do exist and even requirements such as holding physical certificates of shares in portfolio companies in a safe do not, in and of themselves, eliminate the possibility of fraud.

Potential future investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in U.S. companies which hold a substantial amount of their assets or operations in foreign countries. While we will not likely invest in securities of foreign companies, such U.S. companies with substantially all of their assets or operations outside of the United States may be subject to the same risks as foreign companies. Investing in these companies or foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Although we expect that most of our investments will be U.S. dollar-denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

Although it is not Company policy, we may employ hedging techniques to minimize these risks, but we can offer no assurance that such strategies will be effective. If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The success of our hedging transactions will depend on our ability to correctly predict movements, currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Lack of diversity of investments by a BDC presents risks associated with specific industries.

We have indicated that we do not anticipate that we will be able to diversify our investments during in the early years of our Company's pursuit of its investment strategy and, as a result, we will not gain the benefit of diversification which is the balancing of adverse economic conditions. Most of our holdings in portfolio companies will be securities that are subject to restrictions on resale. Because our investments will be limited to a few portfolio companies, we will be subjected to the specific risks associated with operating businesses within those few industries.

The businesses in which we plan to invest are materially affected by competition.

The portfolio companies of the Company will likely face competition on a nationwide basis. Competition for their products and services may come from companies with more widespread distribution and more established brands. We believe that the ability of our portfolio companies to each compete successfully depends upon a number of factors, including: market presence; customer service and satisfaction; the capacity, reliability and security of a delivery network; convenience; the pricing policies of our portfolio companies and their competitors; and, the introduction of new products and services by our portfolio companies and their competitors.

The businesses in which the Company intends to invest are subject to macro and micro trends in business, finance, politics, and law.

The Company's potential customers are located nationwide. Future unfavorable economic conditions, including those resulting from further or protracted economic instability or down turns cannot be estimated at this time due to the uncertainties associated with such economic conditions, and the extent to which the sale of Company products will be affected thereby.

RISKS OF THE COMPANY AT ITS PRESENT STAGE

The Company has a limited operating history as a BDC. We are a relatively new business development company with limited resources and sources of revenues.

We were incorporated in 1985 and we have commenced investment operations but the extent of our investment activities may characterize us as a newer investment company. We became a BDC by electing to be governed as a BDC on April 5, 2007. As we have made an investment in only a limited number of portfolio companies, we have limited experience relating to the identification, evaluation and acquisition of target businesses and, accordingly, there is only a limited basis upon which to evaluate our prospects for achieving our intended business objectives. We have limited resources and have realized limited revenues to date. In addition, we may not achieve any significant revenues until, at the earliest, we are able to obtain funding, make investments and sell our position of securities in an underlying portfolio company for a profit. The Company will be wholly dependent for the selection, structuring, closing and monitoring of all of its investments on the diligence and skill of its management, acting under the supervision of the Company's Board of Directors. None of these individuals has substantial experience (as a matter of years), within the BDC business format, in acquiring and investing in growth stage companies, the negotiation of the terms of such investments and the monitoring of such investments after they are made. We cannot assure you that the Company will attain its investment objective.

We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our investment objective and that the value of your investment with the Company could decline substantially or fall to zero. We anticipate that it may take us up to 6 months to invest substantially all of the net proceeds of this offering. During this period, we will invest in temporary investments, such as short term securities, cash and cash equivalents. We expect such investments may earn nominal yields. As a result, we may not be able to pay any dividends during this period. If we do not realize yields in excess of our expenses, we may incur operating losses and the market price of our shares may decline.

Our common stock has a limited trading market and liquidity, and we cannot assure you that a significant liquid trading market will develop.

Prior to the date of this offering, there has been a limited established trading market for our common stock. We cannot predict the extent to which future investor interest in the Company will lead to the development of an active, liquid trading market. Active trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. In addition, our common stock is unlikely to be followed by any market analysts, and there may be few institutions acting as market makers for the common stock. Either of these factors could adversely affect the liquidity and trading price of our common stock. Also, the stock market in general has experienced extreme price and volume volatility that has especially affected the market prices of securities of many companies. At times, this volatility has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of the common stock, regardless of our actual operating performance.

We will be confronted by competition from entities having substantially greater resources and experience.

Other entities and individuals compete for investments similar to those proposed to be made by the Company, many of whom will have greater financial and management resources than the Company. Furthermore, the Company must comply with provisions of the 1940 Act pertaining to BDCs and, if the Company qualifies as a RIC, provisions of the Internal Revenue Code pertaining to RICs might restrict the Company's flexibility as compared with its competitors. The need to compete for investment opportunities may make it necessary for us to offer portfolio companies more attractive transaction terms than otherwise might be the case. These factors may prevent us from ever becoming profitable.

Distributions to shareholders may never equal the amount invested by the shareholders.

We cannot assure you that any distributions to shareholders will be made by the Company or that aggregate distributions, if any, will equal or exceed the shareholders' investment in the Company. Sales of portfolio company securities will be a principal source of distributable cash to shareholders. The directors have absolute discretion in the timing of distributions to shareholders. Securities acquired by the Company through equity investments will be held by the Company and will be sold or distributed at the sole discretion of the directors.

There are significant potential conflicts of interest, which could impact our investment returns

Our executive officer(s) and director(s) serve or may serve as officers and directors of entities who operate in the same or related line of business as we do. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of the Company or our stockholders. It is possible that new investment opportunities that would otherwise meet our investment objective may come to the attention of one these entities, and, if so, such opportunity might not be offered, or otherwise made available, to us. However, our executive officer(s) and director(s) do have fiduciary obligations to act in the best interests of the Company and must, in such a circumstance or conflict, endeavor to allocate investment opportunities in a fair and equitable manner over time so as not to discriminate one company against another, where equal fiduciary obligations are owed. In addition, they may not be available to us if there are time conflicts involving other entities.

Our common stock is subject to the "Penny Stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or option to acquire any equity security with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

We have limited operating history upon which to base your investment decision.

We have a limited operating history available to evaluate the likelihood of the success of our business. Our prospects should be considered in light of the risks, expenses and uncertainties that may be encountered by development stage companies. Among other things, we must build our customer base, respond to competitive developments, attract, retain and motivate qualified employees and establish and maintain our technologies, products, and services on an ongoing basis. There can be no assurance that we will be successful in addressing such risks and implementing our business strategy.

As a result of our lack of operating history, and the other risks described in this Memorandum, we are unable to accurately forecast our revenues. Our future expense levels are based predominately on our operating plans and estimates of future revenues, and to a large extent are fixed. We may be unable to adjust spending in a timely manner to compensate for revenues that do not materialize. Accordingly, any significant shortfall in revenues or lack of revenue would likely have an immediate material adverse effect on our business, operating results and financial condition.

Our ability to generate revenues will depend upon many factors. We will be required to build our business by implementing operational systems, hiring additional employees, developing and implementing a marketing and sales strategy and implementing our technology applications. Our expenses will initially exceed our revenues and no assurances can be made that we will become profitable or provide positive cash flows.

Restrictions imposed upon the resale of our capital stock may require you to hold your stock for an indefinite period of time.

None of the securities to be issued in this Offering will be registered under the Securities Act. The common stock being sold pursuant to this Offering is intended to be exempt from registration pursuant to Regulation E which permits, in conformity therewith, issuance of shares without restriction on further transfer. While we do not anticipate such an adverse decision or determination on the part of the Securities and Exchange Commission, the SEC has the right, even after permitting the offering to become effective, to enjoin the sale of securities or determine that such sales are not exempt under Regulation E. While the Company will make every effort to insure its compliance with the requirements under Regulation E, there can be no assurance of such exemption as the SEC does not, as a matter of policy, affirmatively indicate the effectiveness of the notification under Regulation E.

ITEM 2: PROPERTIES

Our corporate office is currently maintained in the office of our accountant at no charge.

ITEM 3: LEGAL PROCEEDINGS

We are not currently subject to any legal proceedings, nor, to our knowledge, is any legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter.

Part II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is currently listed on the electronic quotation and reporting service maintained by the National Association of Securities Dealers ("NASD") and known as the "OTC Bulletin Board" or "OTCBB" system and trades under the symbol "DEGH".

The market closing, high and low prices during each quarter for the last two years are as follows:

QUARTER ENDED	CLOSING	HIGH	LOW
December 31, 2007	.23	.25	.09
March 31, 2008	.04	.25	.04
June 30, 2008	.04	.07	.03
September 30, 2008	.04	.06	.02
December 31, 2006	2.97	27.50	2.97
March 31, 2007	1.32	6.60	1.10
June 30, 2007	.10	.90	.10
September 30, 2007	.12	.35	.08

Number of Shareholders and Total Outstanding Shares

As of November 18, 2008, there were 50,592,487 shares of common stock issued and outstanding, held by approximately 87 shareholders of record, an undetermined number of which represent more than one individual participant in securities positions with us.

Dividends on Common Stock

We have not previously declared a cash dividend on our common stock and we do not anticipate the payment of dividends in the near future.

Options

None.

Securities Authorized for Issuance under Equity Compensation Plans

None.

Recent sales of Unregistered Securities

Sales during the first three quarters of the fiscal year were reported in Item 2 of Part II of the Form 10-Q filed for each quarter.

On July 11, 2008, the Company issued 500,000 shares of its restricted common stock in exchange for an investment. The issued shares were sold pursuant to an exemption from registration under Section 4(2) promulgated under the Securities Act of 1933, as amended.

ITEM 6: SELECTED FINANCIAL DATA

The following table represents our selected financial and other data and has been derived from our audited financial statements for the years ended September 30, 2008, 2007 and 2006. The information below should be read in conjunction with Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included in Item 8 herein.

	2008	2007	2006
Statements of Operations Data:			
Income from operations	$ 64,402	$ 318	$ -
Expenses **	226,039	44,054	404,668
Net loss from operations	(161,637)	(43,736)	(404,668)
Net realized and unrealized gains (losses)	97,970	(50,000)	-
Preferred dividends	(162,780)		
Net decrease in net assets from operations	$ (226,447)	$ (93,736)	$ (404,668)
Net decrease in net assets from operations per share, basic and diluted	$ (0.0059)	$ (0.0342)	$ (4.0867)
Weighted average shares, basic and diluted	38,155,238	2,739,989	99,020

** Includes $7,535, $404,668 and $433,492 in net expenses from discontinued operations for the years ended September 30, 2007, 2006 and 2005, respectively.

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	2008	2007	2006
Statements of Net Assets (Liabilities) Data:			
Investments at fair value	$ 944,345	$ 114,500	$ -
Investments at cost	901,375	164,500	-
Cash and cash equivalents	10,570	8,350	-
Total assets	1,012,885	123,169	-
Total liabilities	(42,005)	(37,151)	(37,946)
Total preferred stock at liquidation value	-	(271,300)	(271,300)
Net assets (liabilities)	$ 970,880	$ (185,282)	$ (309,246)
Net asset (liability) value per share	$ 0.0192	$ (0.0291)	$ (3.1231)
Common stock outstanding at year end	50,592,487	6,375,821	99,020

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company

We filed a notification under Form N54a with the SEC on April 5, 2007, indicating our election to be regulated as a BDC under the 1940 Act. Accordingly, commencing with the Form 10-Q for June 30, 2007, we began filing as a BDC.

As a BDC, we are required to invest at least 70% of our total assets in qualifying assets, which, generally, will be privately held companies or companies with thinly traded public securities at the time we invest in them. Qualifying assets may also include cash, cash equivalents, U.S. Government securities or high-quality debt investments maturing in one year or less from the date of investment. We may invest a portion of the remaining 30% of our total assets in debt and/or equity securities of companies that may be larger or more stable than target portfolio companies.

On May 3, 2007, we filed an Offering Circular under Regulation E promulgated under the Securities Act of 1933 to sell from 4,000,000 to 50,000,000 shares of our common stock and raise up to $5,000,000 at prices ranging from $0.05 to $1.25 per share. The Company sold a total of $14,920,666 shares for proceeds of $773,283 ($629,583 during 2008) pursuant to its 1-E which was completed on May 3, 2008.

On September 30, 2008, we filed a new Offering Circular under Regulation E to sell from 25,000,000 to 49,000,000 shares of our common stock and raise up to $5,000,000 at prices ranging from $0.0215 and $0.20 per share. No sales have been made pursuant to this 1-E as of November 18, 2008.

Management's Analysis of Business
We have significant relative flexibility in selecting and structuring our investments. We are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. We seek to structure our investments so as to take into account the uncertain and potentially variable financial performance of our portfolio companies. This should enable our portfolio companies to retain access to committed capital at different stages in their development and eliminate some of the uncertainty surrounding their capital allocation decisions. We calculate rates of return on invested capital based on a combination of up-front commitment fees, current and deferred interest rates and residual values, which may take the form of common stock, warrants, equity appreciation rights or future contract payments. We believe that this flexible approach to structuring investments will facilitate positive, long-term relationships with our portfolio companies and enable us to become a preferred source of capital to them. We also believe our approach should enable debt financing to develop into a viable alternative capital source for funding the growth of target companies that wish to avoid the dilutive effects of equity financings for existing equity holders.

Longer Investment Horizon - We are not subject to periodic capital return requirements. These requirements, which are standard for most private equity and venture capital funds, typically require that these funds return to investors the initial capital investment after a pre-agreed time, together with any capital gains on such capital investment. These provisions often force such funds to seek the return of their investments in portfolio companies through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, which can result in a lower overall return to investors and adversely affect the ultimate viability of the affected portfolio companies. Because we may invest in the same portfolio companies as these funds, we are subject to these risks if these funds demand a return on their investments in the portfolio companies. We believe that our flexibility to take a longer-term view should help us to maximize returns on our invested capital while still meeting the needs of our portfolio companies.

Established Deal Sourcing Network - We believe that, through our management and directors, we have solid contacts and sources from which to generate investment opportunities. These contacts and sources include:

- public and private companies,
- investment bankers,
- attorneys,
- accountants,
- consultants, and
- commercial bankers.

However, we cannot assure you that such relationships will lead to the origination of debt or other investments.

Investment Criteria

As a matter of policy, we will not purchase or sell real estate or interests in real estate or real estate investment trusts except that we may:

- purchase and sell real estate or interests in real estate in connection with the orderly liquidation of investments, or in connection with foreclosure on collateral;
- own the securities of companies that are in the business of buying, selling or developing real estate; or
- finance the purchase of real estate by our portfolio companies.

We limit our investments in more traditional securities (stock and debt instruments) and will not, as a matter of policy:

- sell securities short except with regard to managing the risks associated with publicly-traded securities issued by our portfolio companies;
- purchase securities on margin (except to the extent that we may purchase securities with borrowed money); or
- engage in the purchase or sale of commodities or commodity contracts, including futures contracts except where necessary in working out distressed loans.

Prospective Portfolio Company Characteristics - We have identified several criteria that we believe prove important in seeking our investment objective with respect to target companies. These criteria provide general guidelines for our investment decisions; however, we caution readers that not all of these criteria are satisfied by each prospective portfolio company in which we choose to invest.

Experienced Management - We generally require that our portfolio companies have an experienced president or management team. We also require the portfolio companies to have in place proper incentives to induce management to succeed and to act in concert with our interests as investors, including having significant equity interests. We provide assistance in this area by either consulting with management or by providing management for our portfolio companies.

Products or Services - We seek companies that are involved in products or services that do not require significant additional capital or research expenditures. In general, we seek target companies that make innovative use of proven technologies or methods.

Proprietary Advantage - We favor companies that can demonstrate some kind of proprietary sustainable advantage with respect to their competition. Proprietary advantages include, but are not limited to:

- patents or trade secrets with respect to owning or manufacturing its products, and
- a demonstrable and sustainable marketing advantage over its competition.

Marketing strategies impose unusual burdens on management to be continuously ahead of its competition, either through some kind of technological advantage or by being continuously more creative than its competition.

Profitable or Nearly Profitable Operations Based on Cash Flow from Operations - We focus on target companies that are profitable or nearly profitable on an operating cash flow basis. Typically, we would not expect to invest in start-up companies unless there is a clear exit strategy in place.

Potential for Future Growth - We generally require that a prospective target company, in addition to generating sufficient cash flow to cover its operating costs and service its debt, demonstrate an ability to increase its revenues and operating cash flow over time. The anticipated growth rate of a prospective target company will be a key factor in determining the value that we ascribe to any warrants or other equity securities that we may acquire in connection with an investment in debt securities.

Exit Strategy - Prior to making an investment in a portfolio company, we analyze the potential for that company to increase the liquidity of its common equity through a future event that would enable us to realize appreciation, if any, in the value of our equity interest. Liquidity events may include:

- an initial public offering,
- a private sale of our equity interest to a third party,
- a merger or an acquisition of the portfolio company, or
- a purchase of our equity position by the portfolio company or one of its stockholders.

We may acquire warrants to purchase equity securities and/or convertible preferred stock of the eligible portfolio companies in connection with providing financing. The terms of the warrants, including the expiration date, exercise price and terms of the equity security for which the warrant may be exercised, will be negotiated individually with each eligible portfolio company, and will likely be affected by the price and terms of securities issued by the eligible portfolio company to other venture capitalists and other holders. We anticipate that most warrants will be for a term of five to ten years, and will have an exercise price based upon the price at which the eligible portfolio company most recently issued equity securities or, if a new equity offering is imminent, equity securities. The equity securities for which the warrant will be exercised generally will be common stock of which there may be one or more classes of convertible preferred stock. Substantially all the warrants and underlying equity securities will be restricted securities under the 1933 Act at the time of the issuance. We will generally negotiate for registration rights with the issuer that may provide:

- “piggyback" registration rights, which will permit us under certain circumstances, to include some or all of the securities owned by us in a registration statement filed by the eligible portfolio company, or
- in some circumstances, "demand" registration rights permitting us under certain circumstances, to require the eligible portfolio company to register the securities under the 1933 Act, in some cases at our expense. We will generally negotiate net issuance provisions in the warrants, which will allow us to receive upon exercise of the warrants without payment of any cash a net amount of shares determined by the increase in the value of the issuer's stock above the exercise price stated in the warrant.

Liquidation Value of Assets - Although we do not intend to operate as an asset-based lender, the prospective liquidation value of the assets, if any, collateralizing any debt securities that we hold will be an important factor in our credit analysis. We will emphasize both tangible assets, such as:

- accounts receivable,
- inventory, and
- equipment,

and intangible assets, such as:

- intellectual property,
- customer lists,
- networks, and
- databases.

Investment Process

Due Diligence - If a target company generally meets the characteristics described above, we will perform initial due diligence, including:

- company and technology assessments,
- existing management team,
- market analysis,
- competitive analysis,
- evaluation of management, risk analysis and transaction size,
- pricing, and
- structure analysis.

Much of this work will be done by management and professionals who are well known by management. The criteria delineated above provide general parameters for our investment decisions. We intend to pursue an investment strategy by further imposing such criteria and reviews that best insures the value of our investments. As unique circumstances may arise or be uncovered, not all of such criteria will be satisfied in each instance but the process provides a guideline by which investments can be prudently made and managed. Upon successful completion of the preliminary evaluation, we will decide whether to deliver a non-binding letter of intent and move forward towards the completion of a transaction.

In our review of the management team, we look at the following:

- Interviews with management and significant shareholders, including any financial or strategic sponsor;
- Review of financing history;
- Review of management's track record with respect to:
  - o product development and marketing,

  - o mergers and acquisitions,
  - o alliances,
  - o collaborations, and
  - o research and development outsourcing and other strategic activities;
- Assessment of competition; and
- Review of exit strategies.

In our review of the financial conditions, we look at the following:

- Evaluation of future financing needs and plans;
- Detailed analysis of financial performance;
- Development of pro forma financial projections; and
- Review of assets and liabilities, including contingent liabilities, if any, and legal and regulatory risks.

In our review of the products and services of the portfolio company, we look at the following:

- Evaluation of intellectual property position;
- Review of existing customer or similar agreements and arrangements;
- Analysis of core technology;
- Assessment of collaborations;
- Review of sales and marketing procedures; and
- Assessment of market and growth potential.

Upon completion of these analyses, we will conduct on-site visits with the target company's management team. Also, in cases in which a target company is at a mature stage of development and if other matters warrant such an evaluation, we will obtain an independent appraisal of the target company.

Ongoing Relationships with Portfolio Companies

Monitoring - We continuously monitor our portfolio companies in order to determine whether they are meeting our financing criteria and their respective business plans. We may decline to make additional investments in portfolio companies that do not continue to meet our financing criteria. However, we may choose to make additional investments in portfolio companies that do not do so, if we believe they will perform well in the future.

We monitor the financial trends of each portfolio company to assess the appropriate course of action for each company and to evaluate overall portfolio quality. Our management team and consulting professionals closely monitor the status and performance of each individual company on at least a quarterly and, in some cases, a monthly basis.

We use several methods of evaluating and monitoring the performance and fair value of our debt and equity positions, including but not limited to the following:

- Assessment of business development success, including product development, financings, profitability and the portfolio company's overall adherence to its business plan;
- Periodic and regular contact with portfolio company management to discuss financial position, requirements and accomplishments;
- Periodic and regular formal update interviews with portfolio company management and, if appropriate, the financial or strategic sponsor;
- Attendance at and participation in board meetings; and
- Review of monthly and quarterly financial statements and financial projections for portfolio companies.

Managerial Assistance - As a business development company, we offer, and in many cases provide, significant managerial assistance to our portfolio companies. This assistance will typically involve:

- monitoring the operations of our portfolio companies,
- participating in their board and management meetings,
- consulting with and advising their officers, and
- providing other organizational and financial guidance.

Investment Amounts

The amount of funds committed to a portfolio company and the ownership percentage received will vary depending on the maturity of the portfolio company, the quality and completeness of the portfolio company's management team, the perceived business opportunity, the capital required compared to existing capital, and the potential return. Although investment amounts will vary considerably, we expect that the average investment, including follow-on investments, will be between $25,000 and $1,000,000.

Competition

Our primary competitors that provide financing to target companies include private equity and venture capital funds, other equity and non-equity based investment funds and investment banks and other sources of financing, including traditional financial services companies such as commercial banks and specialty finance companies. Many of these entities have substantially greater financial and managerial resources than we have. We believe that our competitive advantage with regard to quality target companies relates to our ability to negotiate flexible terms and to complete our review process on a timely basis. We cannot assure you that we will be successful in implementing our strategies.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report that are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "believes," "estimates," "projects" or similar expressions are intended to identify these forward-looking statements. These statements are subject to risks and uncertainties beyond our reasonable control that could cause our actual business and results of operations to differ materially from those reflected in our forward-looking statements. The safe harbor provisions provided in the Securities Litigation Reform Act do not apply to forward-looking statements we make in this report. Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on trends which we anticipate in our industry and our good faith estimate of the effect on these trends of such factors as industry capacity, product demand and product pricing. The inclusion of projections and other forward-looking statements should not be regarded a representation by us or any other person that we will realize our projections or that any of the forward-looking statements contained in this prospectus will prove to be accurate.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2008, we had a cash balance of $10,570 and current liabilities of $42,005. We have received short-term loans from a shareholder and expect to commence selling shares of our common stock pursuant to an amended 1-E by early December 2008.

RESULTS OF OPERATIONS

REVENUES – We began operating as a BDC on April 5, 2007. In 2008, we had management income from two portfolio companies of $45,000 and interest income from loan investments of $19,402. Of this amount, $6,432 has been collected and $57,970 is included in accounts receivable. Our only income in 2007 was interest income of $318 from our loan investments. As of September 30, 2007, we had raised $207,700 in cash from sale of our common stock ($25,000 in a private transaction and $182,700 pursuant to our Form 1-E) and have made investments of $164,500. In 2008, we raised $635,583 from sale of our common stock and collected $5,000 on a stock subscription receivable.

EXPENSES –

Salaries and wages amounted to $43,000 in 2008 and $3,000 in 2007. The 2008 amount includes compensation to our CEO in the amount of $19,500 and $24,000 to a consultant who was terminated in July 2008.

Legal and accounting fees amounted to $143,940 in 2008 and $24,250 in 2007. Legal fees increased from $10,500 in 2007 to $96,440 in 2008, primarily for ongoing assistance with portfolio companies and the time spent converting all of the preferred stock outstanding to common stock.

Director fees commenced in December 2007 and include $1,000 per month to Dr. Silvey for his work as Chairman of the Audit Committee.

Other general and administrative expense amounted to $12,042 in 2008 and $750 in 2007. The 2008 amount included $6,103 in costs associated with our web site. Other miscellaneous cost increases are primarily due to operating for the full year in 2008 as compared to less than one-half of 2007.

DISCONTINUED OPERATIONS – When we filed a notification on Form N54a to become a BDC, we discontinued all prior operations. Losses from discontinued operations amounted to $7,535 and $404,668 in the years ended September 30, 2007 and 2006, respectively.

NET REALIZED AND UNREALIZED GAINS (LOSSES) IN NON-CONTROLLED, NON-AFFILIATED INVESTMENTS

As an investment company under the 1940 Act, all of our investments must be carried at market value or fair value as determined by management for investments which do not have readily determinable market values. Prior to this conversion, only marketable debt and equity securities and certain derivative securities were required to be carried at market value.

Beginning April 5, 2007, portfolio assets for which market prices are available are valued at those prices. Securities that are traded in the over-the-counter market or on a stock exchange generally will be valued at the prevailing bid price on the valuation date. However, some of our current investments were acquired in privately negotiated transactions and may have no readily determinable market values. These securities are carried at fair value as determined by management and outside professionals as necessary under our valuation policy. Currently, the valuation policy provides for management's review of the management team, financial conditions, and products and services of the portfolio company. In situations that warrant such an evaluation, an independent business valuation may be obtained.

Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value as determined in good faith by management. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. We must determine the fair value of each individual investment on a quarterly basis. We will record unrealized depreciation on investments when we believe that an investment has become impaired, including where realization of an equity security is doubtful. Conversely, we will record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, its investment has also appreciated in value, where appropriate.

As an investment company, we invest primarily in illiquid securities including equity securities of private companies. The structure of each equity security is specifically negotiated to enable us to protect our investment and maximize our returns. We generally include many terms governing ownership parameters, dilution parameters, liquidation preferences, voting rights, and put or call rights. Our investments are generally subject to some restrictions on resale and generally have no established trading market. Because of the type of investments that we make and the nature of our business, our valuation process requires an analysis of various factors. Our fair value methodology includes the examination of, among other things, the underlying investment performance, financial condition and market changing events that impact valuation.

Investment activity since we became a BDC may be summarized as follows:

	2008	2007
Market value, beginning of year	$ 114,500	$ -
Acquisition of investments, for cash	442,375	164,500
Acquisition of investments with common stock	344,500	-
Sale of investments	(50,000)	-
Unrealized appreciation (depreciation)	92,970	(50,000)
Market value, end of year	$ 944,345	$ 114,500

Our valuation processes and the results of our individual investments are included in note 3 to the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We have no significant off-balance sheet arrangements.

NET ASSET VALUE

As a BDC, certain of our activities and disclosures are made in reference to NAV which is the value of our portfolio assets less debt and preferred stock. This may be viewed, simply and generalized, as the value of our assets to our common shareholders. As of the date of the financial information in this report, the value of our portfolio of assets including investments in equity securities and cash is $1,012,885 and from this, are subtracted liabilities and debts of $42,005. There are no shares of preferred stock outstanding. The rights of preferred stockholders (at liquidation value) would be included as a deduction if there were any preferred shares outstanding. The NAV is therefore $970,880. The NAV per Share is $0.0192.

RECENT ACCOUNTING PRONOUNCEMENTS

NEW ACCOUNTING STANDARDS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts-and interpretation of FASB Statement No. 60". SFAS No. 163 clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. SFAS No. 163 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. SFAS No. 162 will become effective 60 days after the SEC approves the PCAOB's amendments to AU Section 411 of the AICPA Professional Standards. SFAS No. 162 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In March 2008, the Financial Accounting Standards Board, or FASB, issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133. This standard requires companies to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has not yet adopted the provisions of SFAS No. 161, but does not expect it to have a material impact on its financial position, results of operations or cash flows.

In December 2007, the SEC issued Staff Accounting Bulletin (SAB) No. 110 regarding the use of a "simplified" method, as discussed in SAB No. 107 (SAB 107), in developing an estimate of expected term of "plain vanilla" share options in accordance with SFAS No. 123 (R), Share-Based Payment. In particular, the staff indicated in SAB 107 that it will accept a company's election to use the simplified method, regardless of whether the company has sufficient information to make more refined estimates of expected term. At the time SAB 107 was issued, the staff believed that more detailed external information about employee exercise behavior (e.g., employee exercise patterns by industry and/or other categories of companies) would, over time, become readily available to companies. Therefore, the staff stated in SAB 107 that it would not expect a company to use the simplified method for share option grants after December 31, 2007. The staff understands that such detailed information about employee exercise behavior may not be widely available by December 31, 2007. Accordingly, the staff will continue to accept, under certain circumstances, the use of the simplified method beyond December 31, 2007. The Company currently uses the simplified method for “plain vanilla” share options and warrants, and will assess the impact of SAB 110 for fiscal year 2009. It is not believed that this will have an impact on the Company’s financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51. This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Statement 141 (revised 2007). The Company will adopt this Statement beginning October 1, 2009. It is not believed that this will have an impact on the Company’s financial position, results of operations or cash flows.

In December 2007, the FASB, issued FAS No. 141 (revised 2007), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations, but retains the fundamental requirements in Statement 141. This Statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this statement is the same as that of the related FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements. The Company will adopt this statement beginning October 1, 2009. This statement will not have an impact on the Company’s financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities—Including an Amendment of FASB Statement No. 115. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities. Most of the provisions in FAS 159 are elective; however, an amendment to FAS 115 Accounting for Certain Investments in Debt and Equity Securities applies to all entities with available for sale or trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157 Fair Value Measurements. The Company will adopt SFAS No. 159 beginning October 1, 2008 and is currently evaluating the potential impact the adoption of this pronouncement will have on its financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. However, for some entities, the application of this statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The Company will adopt this statement October 1, 2008, and it is not believed that this will have an impact on the Company's financial position, results of operations or cash flows.

CRITICAL ACCOUNTING POLICIES

The SEC issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure about Critical Accounting Policies" ("FRR 60"), suggesting companies provide additional disclosure and commentary on their most critical accounting policies. In FRR 60, the SEC defined the most critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition our most critical accounting policy is the valuation of our investments. The methods, estimates and judgments we use in applying this accounting policy has a significant impact on the results we report in our financial statements.

Pursuant to the requirements of the 1940 Act, our Board of Directors is responsible for determining in good faith the fair value of our investments for which market quotations are not readily available.

We determine fair value to be the amount for which an investment could be exchanged in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. Our valuation process is intended to provide a consistent basis for determining the fair value of the portfolio. We will record unrealized depreciation on investments when we believe that an investment has become impaired, including where realization of an equity security is doubtful. We will record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, our equity security has also appreciated in value.

Our equity interest in portfolio companies for which there is no liquid public market are valued using industry valuation benchmarks, and then the value is assigned a discount reflecting the illiquid nature of the investment as well as our minority, non-control position. When an external event such as a purchase transaction, public offering, or subsequent equity sale occurs, the pricing indicated by the external event is used to corroborate our valuation. The determined values are generally discounted to account for restrictions on resale and minority ownership positions, if applicable.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices. We are primarily exposed to equity price risk. The following is a discussion of our equity price risk.

Equity price risk arises from exposure to securities that represent an ownership interest in our portfolio companies. The value of our equity securities and our other investments are based on quoted market prices or our Board of Directors' good faith determination of their fair value (which may be based, in part, on quoted market prices). Market prices of common equity securities, in general, are subject to fluctuations, which could cause the amount to be realized upon sale or exercise of the instruments to differ significantly from the current reported value. The fluctuations may result from perceived changes in the underlying economic characteristics of our portfolio companies, the relative price of alternative investments, general market conditions and supply and demand imbalances for a particular security.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

DOUBLE EAGLE HOLDINGS, LTD.
INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

MOORE & ASSOCIATES, CHARTERED
ACCOUNTANTS AND ADVISORS
PCAOB REGISTERED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Double Eagle Holdings, Ltd.

We have audited the accompanying statements of net assets (liabilities), including schedules of investments, of Double Eagle Holdings, Ltd. a business development company (BDC) as of September 30, 2008 and 2007, and the related statements of operations, cash flows, changes in net assets (liabilities) and financial highlights for the years ended September 30, 2008, 2007, and 2006. These financial statements and schedules of investments are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules of investments based on our audits.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements and schedules of investments referred to above present fairly, in all material respects, the financial position of Double Eagle Holdings, Ltd. a business development company (BDC) as of September 30, 2008 and 2007, and the related statements of operations, cash flows, changes in net assets (liabilities) and financial highlights for the years ended September 30, 2008, 2007, and 2006, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note b. to the financial statements, the Company has incurred a loss of $161,637 from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note b. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Moore & Associates, Chartered

Moore & Associates Chartered
Las Vegas, Nevada
December 22, 2008

6490 West Desert Inn Rd, Las Vegas, NV 89146 (702) 253-7499 Fax (702) 253-7501

Double Eagle Holdings, Ltd.
Statements of Net Assets (Liabilities)
September 30, 2008 and 2007

	2008	2007
ASSETS		
Non-affiliate investments (cost: 2008 - $404,953, 2007 - $164,500)	$ 575,923	$ 114,500
Affiliate investments (cost: 2008 - $496,422, 2007 - 0)	368,422	-
	944,345	114,500
Cash and cash equivalents	10,570	8,351
Accounts receivable - portfolio companies	57,970	318
TOTAL ASSETS	1,012,885	123,169
LIABILITIES		
Accounts payable	21,839	6,039
Advance from shareholder	20,000	-
Accrued expenses	166	166
Total current liabilities	42,005	6,205
Dividends payable	-	30,946
Preferred stock: $0.001 par value; 12,500 shares authorized; 0 and 2713 shares issued and outstanding at September 30, 2008 and 2007, respectively; liquidation preference $271,300 in 2007	-	271,300
TOTAL LIABILITIES	42,005	308,451
NET ASSETS (LIABILITIES)	$ 970,880	$ (185,282)
Commitments and contingencies		
COMPOSITION OF NET ASSETS (LIABILITIES)		
Common stock: $0.001 par value; authorized 100,000,000 shares; issued and outstanding 50,592,487 shares and 6,375,821 shares at September 30, 2008 and 2007, respectively	50,592	6,376
Additional paid in capital	9,936,356	8,602,963
Stock subscription receivable	-	(5,000)
Accumulated deficit:		
Accumulated net operating loss	(9,064,038)	(8,739,621)
Net realized gain (loss) on investments	5,000	-
Net unrealized appreciation (depreciation) of investments	42,970	(50,000)
NET ASSETS (LIABILITIES)	$ 970,880	$ (185,282)
NET ASSET (LIABILITY) VALUE PER SHARE	$ 0.0192	$ (0.0291)

See accompanying notes to financial statements.

Double Eagle Holdings, Ltd.
Statements of Operations
For the Years Ended September 30, 2008, 2007 and 2006

	2008	2007	2006
Income from operations:			
Management income - non-affiliated portfolio companies	$ 15,000	$ -	$ -
Management income - affiliated portfolio companies	30,000	-	-
Interest income from non-affiliated portfolio companies	19,402	318	-
	64,402	318	-
Expenses:			
Salaries and wages	43,000	3,000	-
Legal and accounting fees	143,940	24,250	-
Director fees	10,000	-	-
Stock transfer and Edgar filing	11,926	3,761	-
Travel and entertainment	5,131	4,758	-
Other general and administrative expense	12,042	750	-
	226,039	36,519	-
Loss before income taxes	(161,637)	(36,201)	-
Income taxes	-	-	-
Net loss from operations	(161,637)	(36,201)	-
Net realized and unrealized gains (losses) in non-controlled non-affiliated investments:			
Net realized gain (loss) on investment, net of income tax benefit of $0	5,000	-	-
Change in unrealized appreciation (depreciation) of investments, net of deferred tax expense of $0	92,970	(50,000)	-
Net realized and unrealized gains (losses)	97,970	(50,000)	-
Net decrease in net assets from continuing operations	(63,667)	(86,201)	-
Discontinued operations:			
Loss from discontinued operations, net of deferred tax tax expense of $0	-	(7,535)	(404,668)
Available to common shareholders	(63,667)	(93,736)	(404,668)
Preferred dividends	162,780	-	-
Net decrease in net assets from operations	$ (226,447)	$ (93,736)	$ (404,668)
Net decrease in net assets per share, basic and diluted:			
Continuing operations	$ (0.0059)	$ (0.0315)	$ -
Discontinued operations	-	(0.0028)	(4.0867)
Net decrease in net assets per share	$ (0.0059)	$ (0.0342)	$ (4.0867)
Weighted average shares outstanding	38,155,238	2,739,989	99,020

See accompanying notes to financial statements.

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Double Eagle Holdings, Ltd.
Statements of Cash Flows
For the Years Ended September 30, 2008, 2007 and 2006

	2008	2007	2006
Cash flows from operating activities:			
Net decrease in net assets from operations	$ (226,447)	$ (93,736)	$ (404,668)
Net decrease in net assets from discontinued operations	-	(7,535)	(404,668)
Net decrease in net assets from continuing operations	(226,447)	(86,201)	-
Adjustments to reconcile net decrease in net assets from operations to net cash used in operating activities:			
Change in unrealized depreciation of investments	(92,970)	50,000	-
Purchase of investments	(442,374)	(164,500)	-
Proceeds from sale of investment	55,000	-	-
Gain on sale of investment	(5,000)	-	-
Increase in accounts receivable - portfolio companies	(57,652)	(318)	-
Preferred dividends declared	162,780	-	-
Increase in accounts payable and accrued expenses	15,799	314	-
Net cash used in operating activities	(590,864)	(200,705)	-
Cash flows from investing activities:			
Cash from discontinued operations	-	1,356	-
Net cash used by investing activities	-	1,356	-
Cash flows from financing activities:			
Collection of stock subscription receivable	5,000	-	-
Loan from stockholder	20,000	-	-
Payment of preferred dividends	(67,500)	-	-
Proceeds from sale of common stock	635,583	207,700	-
Net cash provided by financing activities	593,083	207,700	-
Net increase (decrease) in cash and cash equivalents	2,219	8,351	-
Cash and cash equivalents, beginning of year	8,351	-	-
Cash and cash equivalents, end of year	$ 10,570	$ 8,351	$ -
Supplemental cash flow information:			
Cash paid for interest and income taxes:			-
Interest	$ -	$ -	$ -
Income taxes	-	-	-
Non-cash investing and financing activities:			
Investments acquired for common stock	344,500	-	-
Common stock exchanged for preferred stock and accrued dividends	397,526	-	-

See accompanying notes to financial statements.

Double Eagle Holdings, Ltd.
Statements of Changes in Net Assets (Liabilities)
For the Years Ended September 30, 2008, 2007 and 2006

	2008	2007	2006
Changes in net assets from operations:			
Net loss from continuing operations	$ (324,417)	$ (36,201)	$ -
Net loss from discontinued operations	-	(7,535)	(404,668)
Net realized gain (loss) on sale of investments, net	5,000	-	-
Change in net unrealized appreciation (depreciation) of investments, net	92,970	(50,000)	-
Net decrease in net assets from operations	(226,447)	(93,736)	(404,668)
Capital stock transactions			
Common stock issued for cash	635,583	207,700	-
Common stock issued for cash - discontinued operations	-	10,000	-
Common stock issued for investments	344,500	-	-
Common stock issued for preferred stock and accumulated dividends	397,526	-	-
Collection of stock subscription receivable	5,000	-	-
Liabilities forgiven by the former officers and shareholders	-	-	709,181
Legal expenses contributed by the former CEO of the Company	-	-	26,840
Available for sale securities	-	-	(74,470)
Net increase in net assets from stock transactions	1,382,609	217,700	661,551
Net increase (decrease) in net assets	1,156,162	123,964	256,883
Net assets (liabilities) at beginning of year	(185,282)	(309,246)	(566,129)
Net assets (liabilities) at end of year	$ 970,880	$ (185,282)	$ (309,246)

See accompanying notes to financial statements.

Double Eagle Holdings, Ltd.
Schedules of Investments
As of September 30, 2008

Shares/ Interest	Quarter Acquired		Original Cost	Fair Value	Percent Net Assets
UNAFFILIATED PORTFOLIO INVESTMENTS					
NON-INCOME PRODUCING INVESTMENTS					
750,000	Mar-07	EffTec International, Inc. (Pink Sheets:EFFI);	$ 125,000	$ 16,500	2%
	Jun-07	EffTec has developed an Internet-based chiller tool which it is installing and selling to its customer base			
500	Jul-08	Alt Energy, Inc. (private) oil and gas development and production company	24,500	24,500	3%
150,000	Jul-08	North American Energy Resources, Inc. (OTCBB:NAEN) Oil and gas development and production company	35,529	315,000	32%
			185,029	356,000	37%
LOAN INVESTMENTS					
Loan	Sep-07 Dec-07	Line of credit with EffTec International, Inc. with interest at 12%; due September 30, 2008; EffTec has developed and sells an Internet-based chiller tool	51,500	51,500	5%
Loan	Dec-07	Line of credit with ZATSO, LLC (private) with interest at 6%; due September 30, 2009; Zatso is an Internet based game developer	168,423	168,423	17%
			219,923	219,923	22%
		Total unaffiliated portfolio investments	404,952	575,923	59%
AFFILIATED PORTFOLIO INVESTMENTS					
	Dec-07	Ultimate Social Network, Inc. (private); Ultimate owns The Ultimate College Model contest website. The contest allows men and women enrolled in college to post their pictures and enter a weekly modeling contest. Members participate by rating contestants.			
60,000 [60%]		Stock investment	320,000	192,000	20%
Loan		6% line-of-credit due September 30, 2009	176,422	176,422	18%
		Total affiliated portfolio investments	496,422	368,422	38%
		Total investments at September 30, 2008	$ 901,374	944,345	97%
		Cash and other assets, less liabilities		26,535	3%
		Net assets at September 30, 2008		$ 970,880	100%

See accompanying notes to financial statements.

Double Eagle Holdings, Ltd.
Schedules of Investments
As of September 30, 2007

Shares/ Interest	Quarter Acquired		Original Cost	Fair Value	Percent Net Assets
NON-INCOME PRODUCING INVESTMENTS					
750,000	Mar-07	EffTec International, Inc. (Pink Sheets:EFFI);	$ 125,000	$ 75,000	87%
	Jun-07	EffTec has developed an Internet-based chiller tool which it is installing and selling to its customer base			
			125,000	75,000	87%
LOAN INVESTMENTS					
Loan	Sep-07	Line of credit with Signature Energy, Inc. (prrivate) with interest at 8%; due August 2008; Signature is an oil and gas development and production company	14,500	14,500	17%
Loan	Sep-07	Line of credit with EffTec International, Inc. with interest at 8%; due August 2008; EffTec has developed and sells an Internet-based chiller tool	25,000	25,000	29%
			39,500	39,500	46%
		Total investments at September 30, 2007	$ 164,500	114,500	133%
		Cash and other assets, less liabilities		(28,482)	-33%
		Net assets at September 30, 2007		$ 86,018	100%

See accompanying notes to financial statements.

Double Eagle Holdings, Ltd.
Notes to Financial Statements

1. NATURE OF BUSINESS

a. ORGANIZATION

Double Eagle Holdings, Ltd. (the “Company,” “we,” “us” or “Double Eagle”) filed a notification under Form N54a with the U.S. Securities and Exchange Commission, (the “SEC”) on April 5, 2007, indicating its election to be regulated as a business development company (a “BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Accordingly, commencing with the Form 10-Q for June 30, 2007, the Company began filing as a BDC.

As a BDC, the Company is required to invest at least 70% of its total assets in qualifying assets, which, generally, will be privately held companies or companies with thinly traded public securities at the time we invest in them. Qualifying assets may also include cash, cash equivalents, U.S. Government securities or high-quality debt investments maturing in one year or less from the date of investment. The Company may invest a portion of the remaining 30% of its total assets in debt and/or equity securities of companies that may be larger or more stable than target portfolio companies.

Originally incorporated in 1985, as Network Information Services, Inc., Network Systems International, Inc. ("NESI"), a Nevada corporation, was the surviving corporation of a reverse merger completed in April 1996. The Company became a publicly traded entity in connection with the re-organization. The Company's common stock now trades on the Over-The-Counter Bulletin Board under the symbol DEGH. Effective February 10, 2001, the Company changed its name from Network Systems International, Inc., to Onspan Networking, Inc. ("Onspan").

As of June 21, 2006, substantially all of the Company’s debt ($709,181) was forgiven or assumed by the Company’s former CEO and other shareholders and the Company sold its remaining subsidiary, OnSpan SmartHouse, Inc. The $709,181 in obligations was recorded as a contribution to capital of the Company.

On October 25, 2006, the Board of Directors approved an amendment to the Certificate of Incorporation which authorized a one share for 11 share reverse split of the authorized issued and unissued common shares, par value $0.012. The amendment was effective November 6, 2006, and the authorized shares were reduced from 8,333,333 shares to 757,576 shares and the issued shares were reduced from 1,339,219 to 121,749 shares (99,020 shares at September 30, 2006). All share transactions in this Form 10-K have been adjusted to reflect the reverse split.

On November 25, 2006, pursuant to the Articles of Incorporation of the Company, the Board of Directors proposed and recommended to the shareholders of the Company that the Company change the name of the corporation to Double Eagle Holdings, Ltd. (the “Company”) and increase the authorized common shares to 100,000,000 shares, par value $0.001. The Amendments were approved by a majority of the shareholders of the Company with an effective date of January 2, 2007.

b. GOING CONCERN

The Company has not established sources of revenue sufficient to fund the development of business, projected operating expenses and commitments for the next twelve months. The Company incurred a loss from operations of $161,637, realized a gain of $5,000, declared all undeclared preferred dividends of $162,780, and recognized an unrealized gain on investments of $92,970 during the year ended September 30, 2008. At September 30, 2008, current assets, excluding investments, are $68,540, of which $57,970 is accounts receivable for management fees and accrued interest from portfolio companies. Current liabilities are $42,005.

The Company can raise up to $5,000,000 pursuant to its Form 1-E each year and could raise this amount before the September 2009 expiration of the current Form 1-E. The Company has demonstrated an ability to raise funds as needed to fund operations and investments to complete its business plan. However, there can be no assurance that the planned sale of common stock will provide sufficient funding to develop the Company's current business plan.

These conditions raise some doubt about the Company's ability to continue as a going concern. However, the funds raised to date substantially eliminate the likelihood that the Company will not continue as a going concern.

c. INVESTMENT COMPANY

On April 5, 2007, the Company filed a notification on Form N54a with the U.S. Securities and Exchange Commission (the "SEC") indicating its election to be regulated as a business development company (a "BDC") under the Investment Company Act of 1940 (the "1940 Act"). In connection with this election, the Company has adopted corporate resolutions and currently operates as a closed-end management investment company as a BDC. Under this recent election, the Company has been organized to provide investors with an opportunity to participate, with a modest amount in venture capital, in investments that are generally not available to the public and that typically require substantially larger financial commitments. In addition, the Company will provide professional management and administration that might otherwise be unavailable to investors if they were to engage directly in venture capital investing. The Company has decided to be regulated as a BDC under the 1940 Act, and currently operates as a non-diversified company as that term is defined in Section 5(b)(2) of the 1940 Act. The Company will at all times conduct its business so as to retain its status as a BDC. The Company may not change the nature of its business so as to cease to be, or withdraw its election as, a BDC without the approval of the holders of a majority of its outstanding voting stock as defined under the 1940 Act.

As a BDC, the Company is required to invest at least 70% of its total assets in qualifying assets, which generally, are securities of private companies or securities of public companies whose securities are not eligible for purchase on margin (which includes many companies with thinly traded securities that are quoted in the pink sheets or the NASD Electronic Quotation Service.) The Company must also offer to provide significant managerial assistance to these portfolio companies. Qualifying assets may also include:

- Cash;
- Cash equivalents;
- U.S. Government securities; or
- High-quality debt investments maturing in one year or less from the date of investment.

An eligible portfolio company generally is a United States company that is not an investment company and that:

- Does not have a class of securities registered on an exchange or included in the Federal Reserve Board's over-the-counter margin list;
- Is actively controlled by a BDC and has an affiliate of a BDC on its board of directors; or
- Meets such other criteria as may be established by the SEC.

The Company may invest a portion of the remaining 30% of its total assets in debt and/or equity securities of companies that may be larger or more stable than our targeted portfolio companies.

BDC's are required to implement certain accounting provisions that are different from those to which other reporting companies are required to comply. These requirements may result in presentation of financial information in a manner that is more or less favorable than the manner permitted by other reporting companies. In connection with the implementation of accounting changes to comply with the required reporting of financial information, we must also comply with SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154").

Prior to April 5, 2007, the date the Company began operating as a BDC, the Company's operations included those discussed above, all of which were discontinued upon finalizing the settlement in September 2006. The Company had only nominal assets and liabilities, accordingly, there is no cumulative effect recognition in the accompanying financial statements upon becoming an investment company. The Company has prepared its financial statements as if it had been a BDC since April 5, 2007 and all prior operations have been included in discontinued operations.

BDC's, as governed under the 1940 Act may not avail themselves of any of the provisions of Regulation S-B, including any of the streamlined reporting permitted thereunder.

2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the valuation of the investments in portfolio companies and deferred tax asset valuation allowances. Actual results could differ from those estimates.

VALUATION OF INVESTMENTS (AS AN INVESTMENT COMPANY)

As an investment company under the 1940 Act, all of the Company's investments must be carried at market value or fair value as determined by management for investments which do not have readily determinable market values. Prior to this conversion, only marketable debt and equity securities and certain derivative securities were required to be carried at market value.

Beginning April 5, 2007, portfolio assets for which market prices are available are valued at those prices. Securities that are traded in the over-the-counter market or on a stock exchange generally will be valued at the prevailing bid price on the valuation date. However, some of the Company's current investments were acquired in privately negotiated transactions and have no readily determinable market values. These securities are carried at fair value as determined by management and outside professionals as necessary under the Company's valuation policy. Currently, the valuation policy provides for management's review of the management team, financial conditions, and products and services of the portfolio company. In situations that warrant such an evaluation, an independent business valuation may be obtained.

Value, as defined in Section 2(a)(41) of 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by management. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment. The Company must determine the fair value of each individual investment on a quarterly basis. The Company records unrealized depreciation on investments when it believes that an investment has become impaired, including where realization of an equity security is doubtful. Conversely, the Company records unrealized appreciation if the Company believes that the underlying portfolio company has appreciated in value and, therefore, its investment has also appreciated in value, where appropriate.

As an investment company, the Company invests primarily in illiquid securities including equity securities of private companies. The structure of each equity security is specifically negotiated to enable the Company to protect its investment and maximize its returns. The Company generally includes many terms governing ownership parameters, dilution parameters, liquidation preferences, voting rights, and put or call rights. The Company's investments are generally subject to some restrictions on resale and generally have no established trading market. Because of the type of investments that the Company makes and the nature of its business, the Company's valuation process requires an analysis of various factors. The Company's fair value methodology includes the examination of, among other things, the underlying investment performance, financial condition and market changing events that impact valuation.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION

The Company's current sources of revenue include management fees and interest income earned from cash investments and loans, payment of which is made in cash. In the future, the Company expects to earn additional revenue for management and other technical services provided to its portfolio investment companies. Payment for these services may be in the form of unregistered shares of common stock of the portfolio company, which will be recorded based on the fair value determination of our Board of Directors.

FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS 107, "Disclosures About Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments when it is practicable to estimate that value. The carrying amounts of the Company's cash, accounts receivable, accounts payable and notes payable approximate their estimated fair value due to the short-term maturities of these financial instruments and because related interest rates offered to the Company approximate current rates.

INCOME TAXES

The Company has not elected to be a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. Accordingly, the Company will be subject to U.S. federal income taxes on sales of investments for which the fair values are in excess of their tax basis.

The Company accounts for income taxes under SFAS 109, "Accounting for Income Taxes." Under the asset and liability method of SFAS 109, deferred income taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Due to its limited operations, the Company has provided a valuation allowance for the full amount of the deferred tax assets.

STOCK OPTION PLAN

Prior to January 1, 2006, the Company accounted for options granted under its employee compensation plan using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations including Financial Accounting Standards Board ("FASB") Interpretation No. 44, "Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25." Under APB 25, compensation expense was recognized for the difference between the market price of the Company's common stock on the date of grant and the exercise price. As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), stock-based compensation was included as a pro forma disclosure in the notes to the financial statements.

Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R (Revised 2004), "Share-Based Payment" ("SFAS 123R") using the modified prospective transition method for all stock options issued. SFAS 123R requires measurement of compensation cost for all options granted based on fair value on the date of grant and recognition of compensation over the service period for those options expected to vest. The Company did not grant any options during the years ended September 30, 2008, 2007 and 2006.

The Company currently fully reserves all of its tax benefits. Accordingly, the adoption of SFAS 123R, which requires the benefits of tax deduction in excess of the compensation cost recognized for those options to be classified as financing cash inflows rather than operating cash inflows, on a prospective basis, will have no current impact on the Company.

NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER SHARE

Basic net increase (decrease) in net assets from operations per share is computed by dividing the net income (loss) amount adjusted for cumulative dividends on preferred stock (numerator) by the weighted average number of common shares outstanding during the period (denominator). Diluted net increase (decrease) in net assets from operations per share amounts reflect the maximum dilution that would have resulted from the assumed exercise of stock options, if any, and from the assumed conversion of convertible securities, if any. Diluted net increase (decrease) in net assets from operations per share is computed by dividing the net income (loss) amount adjusted for cumulative dividends on preferred stock by the weighted average number of common and potentially dilutive securities outstanding during the period. For all periods presented there are no potentially dilutive securities so basic and diluted net increase (decrease) in net asset from operation per share is the same.

COMPREHENSIVE INCOME

SFAS No. 130, Reporting Comprehensive Income, establishes standards for reporting and displaying comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. It requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 130 requires that an enterprise (a) classify items of other comprehensive income by their nature in financial statements, and (b) display the accumulated balance of other comprehensive income separately in the equity section of the balance sheet for all periods presented. The Company's comprehensive income (loss) does not differ from its reported net income (loss).

As an investment company, the Company must report changes in the fair value of its investments outside of its operating income on its statement of operations and reflect the accumulated appreciation or depreciation in the fair value of its investments as a separate component of its stockholders' deficit. This treatment is similar to the treatment required by SFAS No. 130.

CONCENTRATION OF CREDIT RISK

Cash is maintained at financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at each institution for up to $100,000. At times, cash balances may exceed the FDIC insurance limit of $100,000.

RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts-and interpretation of FASB Statement No. 60". SFAS No. 163 clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. SFAS No. 163 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. SFAS No. 162 will become effective 60 days after the SEC approves the PCAOB's amendments to AU Section 411 of the AICPA Professional Standards. SFAS No. 162 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In March 2008, the Financial Accounting Standards Board, or FASB, issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133. This standard requires companies to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has not yet adopted the provisions of SFAS No. 161, but does not expect it to have a material impact on its financial position, results of operations or cash flows.

In December 2007, the SEC issued Staff Accounting Bulletin (SAB) No. 110 regarding the use of a "simplified" method, as discussed in SAB No. 107 (SAB 107), in developing an estimate of expected term of "plain vanilla" share options in accordance with SFAS No. 123 (R), Share-Based Payment. In particular, the staff indicated in SAB 107 that it will accept a company's election to use the simplified method, regardless of whether the company has sufficient information to make more refined estimates of expected term. At the time SAB 107 was issued, the staff believed that more detailed external information about employee exercise behavior (e.g., employee exercise patterns by industry and/or other categories of companies) would, over time, become readily available to companies. Therefore, the staff stated in SAB 107 that it would not expect a company to use the simplified method for share option grants after December 31, 2007. The staff understands that such detailed information about employee exercise behavior may not be widely available by December 31, 2007. Accordingly, the staff will continue to accept, under certain circumstances, the use of the simplified method beyond December 31, 2007. The Company currently uses the simplified method for "plain vanilla" share options and warrants, and will assess the impact of SAB 110 for fiscal year 2009. It is not believed that this will have an impact on the Company's financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51. This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Statement 141 (revised 2007). The Company will adopt this Statement beginning October 1, 2009. It is not believed that this will have an impact on the Company's financial position, results of operations or cash flows.

In December 2007, the FASB, issued FAS No. 141 (revised 2007), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations, but retains the fundamental requirements in Statement 141. This Statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this statement is the same as that of the related FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements. The Company will adopt this statement beginning October 1, 2009. It is not believed that this will have an impact on the Company's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities—Including an Amendment of FASB Statement No. 115. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities. Most of the provisions in FAS 159 are elective; however, an amendment to FAS 115 Accounting for Certain Investments in Debt and Equity Securities applies to all entities with available for sale or trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157 Fair Value Measurements. The Company will adopt SFAS No. 159 beginning October 1, 2008 and is currently evaluating the potential impact the adoption of this pronouncement will have on its financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. However, for some entities, the application of this statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The Company will adopt this statement October 1, 2008, and it is not believed that this will have an impact on the Company’s consolidated financial position, results of operations or cash flows.

3. INVESTMENTS

VALUATION OF INVESTMENTS

As required by the SEC's Accounting Series Release ("ASR") 118, the investment committee of the Company is required to assign a fair value to all investments. To comply with Section 2(a) (41) and Rule 2a-4 under the 1940 Act, it is incumbent upon the Board of Directors to satisfy themselves that all appropriate factors relevant to the value of securities for which market quotations are not readily available have been considered and to determine the method of arriving at the fair value of each such security. To the extent considered necessary, the Board of Directors may appoint persons to assist them in the determination of such value and to make the actual calculations pursuant to the Board of Directors’ direction. The Board of Directors must also, consistent with this responsibility, continuously review the appropriateness of the method used in valuing each issue of security in the Company's portfolio. The Directors must recognize their responsibilities in this matter and whenever technical assistance is requested from individuals who are not Directors, the findings of such individuals must be carefully reviewed by the Directors in order to satisfy themselves that the resulting valuations are fair.

No single standard for determining "fair value in good faith" can be established, since fair value depends upon the circumstances of each individual case. As a general principle, the current "fair value" of an issue of securities being valued by the Board of Directors would appear to be the amount that the owner might reasonably expect to receive for them upon their current sale. Methods that use this principle may, for example, be based on a multiple of earnings, or a discount from market of a similar freely traded security, or yield to maturity with respect to debt issues, or a combination of these and other methods. Some of the general factors that the Board of Directors should consider in determining a valuation method for an individual issue of securities include: 1) the fundamental analytical data relating to the investment, 2) the nature and duration of restrictions on disposition of the securities, and 3) an evaluation of the forces which influence the market in which these securities are purchased and sold. Among the more specific factors which are to be considered are: type of security, financial statements, cost at date of purchase, size of holding, discount from market value of unrestricted securities of the same class at time of purchase, special reports prepared by analysts, information as to any transactions or offers with respect to the security, existence of merger proposals or tender offers affecting the securities, price and extent of public trading in similar securities of the issuer or comparable companies and other relevant matters.

The Board of Directors has arrived at the following valuation method for its investments. Where there is not a readily available source for determining the market value of any investment, either because the investment is not publicly traded or is thinly traded and in absence of a recent appraisal, the value of the investment shall be based on the following criteria:

- Total amount of the Company's actual investment. This amount shall include all loans, purchase price of securities and fair value of securities given at the time of exchange;
- Total revenues for the preceding twelve months;
- Earnings before interest, taxes and depreciation;
- Estimate of likely sale price of investment;
- Net assets of investment; and
- Likelihood of investment generating positive returns (going concern).

The estimated value of each investment shall be determined as follows:

- Where no or limited revenues or earnings are present, then the value shall be the greater of net assets, estimated sales price, or total cost for each investment;
- Where revenues and/or earnings are present, then the value shall be the greater of one-times (1x) revenues or three-times (3x) earnings, plus the greater of the net assets of the investment or the total amount of the actual investment; or
- Under both scenarios, the value of the investment shall be adjusted down if there is a reasonable expectation that the Company will not be able to recoup the investment or if there is reasonable doubt about the investment's ability to continue as a going concern.

Utilizing the foregoing method, the Company has valued its investments as follows:

UNAFFILIATED PORTFOLIO INVESTMENTS

EffTec International, Inc. (Pink Sheets:EFFI) has developed an Internet-based chiller tool that collects, stores and analyzes chiller operating data; calculates and trends chiller performance; diagnoses the cause of chiller inefficiencies; recommends corrective action; measures the results of corrective actions; and provides cost benefit analysis of operational improvements.

The Board of Directors has valued the 750,000 shares of common stock at the closing price on September 30, 2008 and has valued the investment at $16,500. In addition, the Company has a secured line of credit loan due from EffTec in the amount of $51,500 with interest at 12%, which is due on September 30, 2009. The loan is convertible into borrowers common stock based on a conversion rate of $0.05 per share. The Board of Directors has valued the loan at its balance of $51,500 at September 30, 2008.

Alt Energy, Inc. (Private) is an oil and gas development and production company with operations in northeastern Oklahoma. The Company issued 500,000 shares of its common stock to acquire 500 shares (5%) of Alt. At the time of the transaction, the Company's shares were valued at $24,500. The Board of Directors has valued this recent investment at its cost of $24,500 at September 30, 2008.

North American Energy Resources, Inc. (OTCBB: NAEN) is an oil and gas development and production company with operations in northeastern Oklahoma. Our investment came from converting our note receivable and accrued interest in the total amount of $35,529 from Signature Energy, Inc. into 150,000 shares of NAEN. NAEN acquired Signature at the end of July 2008. The Board of Directors has valued the stock at the closing price on September 30, 2008 of $315,000.

ZATSO, LLC (private) is an Internet based game developer, which is still in the development stage. The Company has a 6% line of credit due from ZATSO on September 30, 2009. The Board of Directors has valued this loan at its book value of $168,423 at September 30, 2008.

AFFILIATED PORTFOLIO INVESTMENTS

The Company acquired 60,000 shares (60%) of Ultimate Social Network, Inc. ("USN") in December 2007 in exchange for 6,400,000 shares of its common stock. The investment was valued at the price at which the Company was selling its shares pursuant to its 1-E of $0.05 per share. In addition the Company has a 6% line-of-credit with USN with a balance of $176,422 at September 30, 2008. USN presently owns "The Ultimate College Model" contest website which has been operating on a test basis since March 2007. The Ultimate College Model contest allows men and women that are enrolled in any college or university to post their pictures and enter into the weekly modeling contest. People that join as members of the website participate by rating the contestants and voting for their favorites. The website also allows for online chatting between members and contestants. The Board of Directors valued the stock at $192,000, a 40% discount to the initial cost, which is based on recent market activity, and the loan at its book value of $145,522, at September 30, 2008.

4. DISCONTINUED OPERATIONS

Discontinued operations include the results of operations for the Company and Onspan SmartHouse, Inc., a wholly owned subsidiary until September 2006, prior to the Company electing to become a BDC. Results of discontinued operations are as follows:

	2007	2006
Revenues	$ -	$ -
Net loss from operations	$ (7,535)	$ (404,668)
Net loss per share, basic and diluted	$ (0.0028)	$ (4.0867)

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5. INCOME TAXES

During the years ended September 30, 2008, 2007 and 2006, the provision for income taxes (all deferred) differs from the amounts computed by applying the U.S. Federal income tax rate of 34% to income before provision for income taxes as a result of the following:

	2008	2007	2006
Computed "expected" income tax (benefit)	$ (21,600)	$ (31,900)	$ (138,300)
State income taxes, net of federal benefit	(2,300)	(3,400)	(14,800)
Travel and entertainment	-	100	-
Available for sale securities	-	-	44,900
Valuation allowance	23,900	35,200	108,200
	$ -	$ -	$ -

Significant components of deferred income tax assets are as follows:

	2008	2007
Net operating loss carryforwards	$ 828,500	$ 771,400
Capital loss carryforwards	6,100	176,600
Investments	(16,200)	17,000
Total deferred tax assets	818,400	965,000
Valuation allowance	(818,400)	(965,000)
Net deferred tax assets	$ -	$ -

The Company has a net operating loss carryforward of approximately $2,205,000, which will expire at various dates beginning in 2022 through 2027, if not utilized. The Company has a capital loss carryforward of $16,148 which expires in 2011.

6. PREFERRED STOCK

At December 31, 2007, the Company had 2,713 shares outstanding of its Series A Convertible Preferred Stock ("Series A"). Series A had a stated liquidation preference value of $100 per share redeemable at the Company's option, had no voting rights, and each preferred share was convertible into one share of the Company's common stock as adjusted for stock splits. Dividends on the Series A were to be paid monthly in cash at a rate of 12% of the original issue. The Company's Board of Directors, elected to suspend the payment of Series A dividends. This decision was made in light of the general economic conditions and to preserve the Company's working capital in order to help maintain the continued viability of the Company. As of December 31, 2007 the amount of accumulated unpaid dividends on the preferred stock was approximately $193,726 of which $162,780 had not been declared.

In January 2008, the Company's Board of Directors declared all prior undeclared preferred dividends in the amount of $162,780. The Company redeemed the preferred stock at its liquidation value of $271,300 and paid all accumulated dividends of $193,726 with $67,500 in cash and 25,150,000 shares of its restricted common stock.

7. COMPOSITION OF NET ASSETS LIABILITIES - STOCKHOLDERS' EQUITY (DEFICIT)

At September 30, 2008 and 2007, the Company had 100,000,000 shares authorized and 50,592,487 and 6,375,821 shares issued and outstanding, respectively, of its $0.001 par value common stock.

On October 25, 2006, the Board of Directors approved an amendment to the Certificate of Incorporation which authorized a one share for 11 share reverse split of the authorized issued and unissued common shares, par value $0.012. The amendment was effective November 6, 2006, and the authorized shares were reduced from 8,333,333 shares to 757,576 shares and the issued shares were reduced from 1,339,219 to 121,749 shares. All share transactions in this Form 10-K have been adjusted to reflect the reverse split.

On November 25, 2006, pursuant to the Articles of Incorporation of the Company, the Board of Directors proposed and recommended to the shareholders of the Company that the Company change the name of the corporation to Double Eagle Holdings, Ltd. (the "Company") and increase the authorized common shares to 100,000,000 shares, par value $0.001. The Amendments were approved by a majority of the shareholders of the Company with an effective date of January 2, 2007.

8. RELATED PARTY TRANSACTIONS

The Company's CEO was paid $19,500 and $3,000 in consulting fees in 2008 and 2007, respectively.

A shareholder has made a non-interest bearing loan to the Company of $20,000 at September 30, 2008.

9. EMPLOYEE INCENTIVE STOCK OPTION AGREEMENTS

During 1999, the Company adopted the Onspan Networking, Inc. f/k/a Network Systems International, Inc. "1999 Long Term Stock Incentive Plan." The maximum number of shares authorized and available under the plan was amended to be increased from 41,667 to 500,000 shares and this amendment was approved at the annual shareholder meeting held December 31, 2001. Under the terms of the plan, the options expire after 10 years, as long as the employees remain employed with the Company. The Company initially reserved 500,000 shares of common stock for the grant of qualified incentive options or non-qualified options to employees and directors of the Company or its parents or subsidiaries, and to non-employee directors, consultants and advisors and other persons who may perform significant services for or on behalf of the Company under the Plan. Prices for incentive stock options must provide for an exercise price of not less than 100% of the fair market value of the common stock on the date the options are granted unless the eligible employee owns more than 10% of the Company's common stock for which the exercise price must be at least 110% of such fair market value. Non-statutory options must provide for an exercise price of not less than 85% of the fair market value.

Options to purchase 378,000 shares are available at September 30, 2008. There has been no option activity during the two years ended September 30, 2008.

10. SUBSEQUENT EVENT

On December 18, 2008, the Company filed a preliminary information statement on Form 14C which is notification that the board of directors (“Board”) has recommended and a majority of the shareholders of the Company have voted to approve an authorization for the Board to withdraw the Company’s election to be treated as a BDC under the 1940 Act. The Company expects to file Form N-54C with the SEC and withdraw its election to be registered as a BDC at such time as the Board determines that it is in the best interest of the Company and its shareholders to do so.

Double Eagle Holdings, Ltd.
Financial Highlights
For the Years Ended September 30, 2008, 2007 and 2006

	2007	2007	2006
PER SHARE INFORMATION			
Net asset value, beginning of year	$ (0.0291)	$ (3.1231)	$ (5.7173)
Net decrease from operations (a)	(0.0085)	(0.0160)	(4.0867)
Liabilities forgiven by former officer and shareholders	-	-	7.4331
Net change in realized gain (loss) and unrealized appreciation (depreciation) of investments, net	0.0026	(0.0182)	-
Net increase from stock transactions	0.0542	3.1282	(0.7522)
Net asset value, end of year	$ 0.0192	$ (0.0291)	$ (3.1231)
Per share market value:			
Beginning of period	$ 0.12	$ 4.44	$ 1.78
End of period	$ 0.04	$ 0.12	$ 4.44
Investment return, based on market prices at end of period	-67%	-97%	149%
RATIOS/SUPPLEMENTAL DATA			
Net assets, end of year	970,880	(185,282)	(309,246)
Average net assets	545,806	(206,030)	(677,729)
Annualized ratio of expenses to average net assets	41%	-18%	(b)
Annualized ratio of net decrease in net assets from operations to average net assets	-41%	45%	(b)
Common stock outstanding at end of year	50,592,487	6,375,821	99,020
Weighted average shares outstanding during year	38,155,238	2,739,989	99,020

(a) Includes discontinued operations and preferred dividends
(b) Discontinued operations only

See accompanying notes to financial statements.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A(T): CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that are filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer, as appropriate to allow timely decisions regarding required disclosure. Under the supervision of and with the participation of management, including the principal executive officer and principal financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of September 30, 2008, and, based on its evaluation, our principal executive officer and our principal financial officer have concluded that these controls and procedures are effective as of September 30, 2008.

(b) Changes in Internal Controls

During the fourth quarter of our fiscal year ended September 30, 2008, there was no change in our internal control and procedures over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(c) Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting is supported by written policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company’s internal control system was designed to provide reasonable assurance to the Company’s management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the Company’s internal control over financial reporting as of September 30, 2008. In making this assessment, management used the framework set forth in the report entitled “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company’s internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was not effective as of September 30, 2008, due primarily to a lack of segregation of duties.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permits us to provide only management’s report in this annual report.

ITEM 9B: OTHER INFORMATION

Pursuant to General Instruction B of Form 8-K, any reports previously or in the future submitted under Item 2.02 (Results of Operations and Financial Condition) are not deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 and the Company is not subject to the liabilities of that section, unless the Company specifically states that the information is to be considered “filed” under the Exchange Act or incorporates it by reference into a filing under the Securities Act or Exchange Act. If a report on Form 8-K contains disclosures under Item 2.02, whether or not the report contains disclosures regarding other items, all exhibits to such report relating to Item 2.02 will be deemed furnished, and not filed, unless the registrant specifies, under Item 9.01 (Financial Statements and Exhibits), which exhibits, or portions of exhibits, are intended to be deemed filed rather than furnished pursuant to this instruction. The Company is not incorporating, and will not incorporate, by reference these reports into a filing under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following section sets forth the names, ages and current positions with the Company held by the Directors, Executive Officers and Significant Employees as of September 30, 2008 together with the year such positions were assumed. There is no immediate family relationship between or among any of the Directors, Executive Officers or Significant Employees, and the Company is not aware of any arrangement or understanding between any Director or Executive Officer and any other person pursuant to which he was elected to his current position. Each Executive Officer will serve until he or she resigns or is removed or otherwise disqualified to serve, or until his or her successor is elected and qualified.

Each Director will serve until he or she resigns or is removed or otherwise disqualified to serve or until his or her successor is elected. The Company currently has four Directors. The Board of Directors does not expect to appoint additional Directors until a potential acquisition is identified.

NAME	AGE	POSITION
M.E. “Hank” Durschlag	45	President, CEO and Director since March 30, 2007
Ross E. Silvey	79	Independent Director since March 30, 2007
Erik S. Phillips	38	Independent Director since December 2007

M.E. “Hank” Durschlag
Mr. Durschlag became a Director and Chief Executive Officer of the Company on March 30, 2007. Mr. Durschlag was appointed a Director of HealthSport, Inc. on September 11, 2006. Mr. Durschlag is the co-developer of the Enlyten electrolyte sports strips and co-authored the patent, “Edible Film for Transmucosal Delivery of Nutritional Supplements”. Mr. Durschlag has extensive experience in the fields of healthcare and sports medicine, with specific emphasis on novel drug delivery systems. In addition, Mr. Durschlag is a partner in Greenville, South Carolina based GlucoTec, Inc., a developer and manufacturer of an FDA Class II Medical Device designed to regulate blood glucose levels in an acute care setting via both intravenous and subcutaneous delivery of insulin and other fluids. Mr. Durschlag has also co-authored patents in this area. Previously, Mr. Durschlag served as Vice President of Sales and Marketing for Diabetes Management Services, Inc., a durable medical equipment distributor with specific treatment modules in women’s health and pregnancy. Mr. Durschlag holds a bachelors degree from California University of Pennsylvania and an MBA from Clemson University.

Ross E. Silvey
Dr. Silvey was elected as an outside Director of the Company on March 30, 2007. Dr. Silvey has owned and operated franchised automobile businesses, finance companies and insurance companies for over thirty years. Dr. Silvey has taught as an adjunct or full-time professor most of the courses in the upper division and MBA programs at the University of Tulsa, Oral Roberts University, Langston University and Southern Nazarene University. His formal education is an MBA from the Harvard Business School. He has also been awarded the Ph.D. degree from the Walden Institute of Advance Studies. Dr. Silvey serves as Chairman of the Audit Committee. Dr. Silvey is also a director of Global Beverage Solutions, Inc.

Erik S. Phillips

Erik Phillips has spent over 15 years in the fields of corporate logistics and distribution management. Mr. Phillips is currently employed by Clarion Technologies as Manager of logistical operations. During his career he has managed distribution operations well in excess of one hundred million dollars for companies such as RoadWay Express, Intex Corporation, Jacobson Companies, and Confluence Watersports. Mr. Phillips also consults with companies with regard to computerized inventory control and distribution, and distribution personnel staffing and management. Erik Phillips is a graduate of Clemson University, Clemson, South Carolina, where he received a Bachelors of Science Degree in Business and Operations Management Mr. Phillips was a member of the Clemson University Football Team (1988-92), and is a member of the Clemson University Letterman's Club.

AUDIT COMMITTEE

The Board of Directors has determined that Ross E. Silvey meets the requirements of a financial expert and serves as Chairman of the Audit Committee. Dr. Silvey is independent as specified in Item 7 (d)(3)(iv) of Schedule 14A under the Exchange Act.

We have a separately designated standing audit committee established in accordance with Section 3 (a)(58)(A) of the Exchange Act, which is currently made up of Dr. Silvey.

The primary responsibility of the Audit Committee is to oversee our financial reporting process on behalf of the Board of Directors and report the result of their activities to the Board. Such responsibilities shall include, but shall not be limited to, the selection and, if necessary, the replacement of our independent auditors and review and discussion with such independent auditors of (i) the overall scope and plans for the audit, (ii) the adequacy and effectiveness of the accounting and financial controls, including our system to monitor and manage business risks, and legal and ethical programs, and (iii) the results of the annual audit, including the financial statements to be included in our annual report on Form 10-K.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and persons who own more than ten percent of our common stock to file initial reports of ownership and changes in ownership with the SEC. Additionally, SEC regulations require that we identify any individuals for whom one of the referenced reports was not filed on a timely basis during the most recent fiscal year or prior fiscal years. To the best of our knowledge, based solely on a review of reports furnished to us, there were no delinquent filings during the year.

CODE OF ETHICS

The Board of Directors of the Company initially adopted a Code of Ethics which was effective November 1, 2003, which has now been updated to include the requirements of a BDC.

The Code of Ethics in general prohibits any officer, director or advisory person (collectively, "Access Person") of the Company from acquiring any interest in any security which we (i) are considering a purchase or sale thereof, (ii) are being purchased or sold by us, or (iii) are being sold short by us. The Access Person is required to advise us in writing of his or her acquisition or sale of any such security.

INVESTMENT COMMITTEE

The Board of Directors of the Company adopted an Investment Committee Charter which was effective April 5, 2007.

The Investment Committee shall have oversight responsibility with respect to reviewing and overseeing our contemplated investments and portfolio companies and investments on behalf of the Board and shall report the results of their activities to the Board. Such Investment Committee shall (i) have the ultimate authority for and responsibility to evaluate and recommend investments, and (ii) review and discuss with management (a) the performance of portfolio companies, (b) the diversity and risk of our investment portfolio, and, where appropriate, make recommendations respecting the role or addition of portfolio investments and (c) all solicited and unsolicited offers to purchase portfolio companies.

NOMINATING COMMITTEE

We do not currently have a standing nominating committee, or a committee performing similar functions. The full Board of Directors currently serves this function.

ITEM 11: EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors deliberates executive compensation matters to the extent they are not delegated to the Chief Executive Officer.

a. Summary Compensation Table

The following table shows the compensation of the Company’s Chief Executive Officer and each executive officer whose total cash compensation exceeded $100,000 for the three years ended September 30, 2008.

ANNUAL COMPENSATION

Name and Principal Position	Year	Salary	Bonus	Total
M.E. "Hank" Durschlag	2008	$ 19,500	None	$ 19,500
Chairman of the Board,	2007	$ 3,000	N/A	$ 3,000
President, CEO and CFO	2006	N/A	N/A	N/A
Since March 30, 2007				
Michael D. Pruitt	2008	N/A	N/A	N/A
Chairman of the Board,	2007	None	None	None
President, CEO and CFO	2006	None	None	None
Since September 22, 2006				
Until March 30, 2007				
Herbert Tabin	2008	N/A	N/A	N/A
Chairman of the Board	2007	N/A	N/A	N/A
And CEO from July 25,	2006	None	None	None
2000 until September				
22, 2006				
Marissa Dermer	2008	N/A	N/A	N/A
CFO from September	2007	N/A	N/A	N/A
2000 until September	2006	None	None	None
21, 2006				

There is no immediate family relationship between or among the current Director and Executive Officer. Previously, Ms. Dermer who was CFO is the sister-in-law of Mr. Tabin who was CEO. Compensation accrued for Mr. Tabin and Ms. Dermer was not paid and was forgiven as a part of the Release and Settlement Agreement discussed in Note 1 to the financial statements.

Required columns for stock awards, option awards, non-entity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings and all other compensation are omitted from the table above as the amounts are all zero.

EMPLOYMENT AGREEMENTS

The Company does not have any current employment agreements with its officers and directors. The company intends to pay its Executives and Directors salaries, wages, or fees commensurate with experience and industry standards in relationship to the success of the company.

b. Grants of plan-based awards table

There were no grants of plan-based awards during the year for the named individuals.

c. Outstanding equity awards at fiscal year-end table

There were no outstanding equity awards at fiscal year-end for the named individuals.

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d. Option exercises and stock vested table

There were no option exercises during the year and no stock vested at fiscal year-end for the named individuals.

e. Pension benefits

There are no pension plans.

f. Nonqualified defined contribution and other nonqualified deferred compensation plans

There are no nonqualified defined contribution or other nonqualified deferred compensation plans.

g. Potential payments upon termination or changes-in-control

There are no potential payments upon termination or changes-in-control for the named individuals.

h. Compensation of directors

Name	Directors Fee Earned or Paid In Cash ($)
M.E. “Hank” Durschlag	$ -
Ross E. Silvey	10,000
Erik S. Phillips	-

Director compensation commenced in December 2007. Dr. Silvey receives $1,000 per month as a Director and Chairman of the Audit Committee.

The columns for stock awards, option awards, non-equity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings and all other compensation are omitted as there was no other form of compensation for the directors.

i. Compensation committee interlocks and insider participation

The outside Directors serve on the compensation committee.

j. Compensation committee report

Based on the Compensation Discussion and Analysis required by Item 402(b) between the compensation committee and management, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the 10-K.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
The following table indicates all persons who, as of November 18, 2008, the most recent practicable date, are known by us to own beneficially more than 5% of any class of our outstanding voting securities. As of November 18, 2008, there were 50,592,487 shares of our common stock outstanding. Except as otherwise indicated below, to the best of our knowledge, each person named in the table has sole voting and investment power with respect to the securities beneficially owned by them as set forth opposite their name.

Title of Class	Name and Address of Beneficial Owner *	Amount and Nature of Beneficial Owner	% of Class
Common	Adam Adler	4,000,000	7.91%
Common	Avenel Financial Group, Inc.	2,580,000	5.10%

* The address for each beneficial owner is in care of Double Eagle Holdings, Ltd., 7633 E 63rd Place, Suite 220, Tulsa, OK 74133.

SECURITY OWNERSHIP OF MANAGEMENT
The following table indicates the beneficial ownership of our voting securities of all Directors of the Company and all Executive Officers who are not Directors of the Company, and all officers and directors as a group, as of November 18, 2008, the most recent practicable date. As of November 18, 2008, there were 50,592,487 shares of our common stock outstanding. Except as otherwise indicated below, to the best of our knowledge, each person named in the table has sole voting and investment power with respect to the securities beneficially owned by them as set forth opposite their name. The address of all officers and directors is in care of the Company at 7633 E 63rd Place, Suite 220, Tulsa, OK 74133.

Title of Class	Beneficial Owner	Name and Address of Beneficial Owner	Amount and Nature of % of Class
Common	M.E. “Hank” Durschlag	1,000,000	1.98%
Common	Ross E. Silvey	-	*
Common	Erik S. Phillips	-	*
Common	All officers and directors as a Group (3 persons)	1,000,000	1.98%

* Less than 1%.

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EQUITY COMPENSATION PLAN INFORMATION

LONG-TERM STOCK INCENTIVE PLAN

In April 1999, the Board of Directors of the Company adopted, subject to stockholder approval, the Company's Stock Incentive Plan (the "Stock Incentive Plan"). The purposes of the Stock Incentive Plan are to closely associate the interests of the key associates (management and certain other employees) of the Company and its adopting subsidiaries with the stockholders by reinforcing the relationship between participants' rewards and stockholder gains, to provide key associates with an equity ownership in the Company commensurate with Company performance, as reflected in increased stockholder value, to maintain competitive compensation levels, and to provide an incentive to key associates for continuous employment with the Company.

Under the Stock Incentive Plan, the Company may grant (i) incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) options that are not qualified as incentive stock options ("nonqualified stock options"). Executive officers, management and other employees of the Company capable of making a substantial contribution to the success of the Company are eligible to participate in the Stock Incentive Plan.

The Stock Incentive Plan is administered by a Committee consisting of members appointed by the Board of Directors of the Company (the "Committee"). The Committee is currently comprised of Mr. Pruitt, currently the sole Director. The Committee, in its sole discretion, has the authority to: (i) designate the key associates or classes of key associates eligible to participate in the Stock Incentive Plan; (ii) to grant awards provided in the Stock Incentive Plan in the form and amount determined by the Committee; (iii) to impose such limitations, restrictions and conditions upon any such award as the Committee shall deem appropriate; and (iv) to interpret the Stock Incentive Plan.

The maximum aggregate number of shares of common stock available for issuance under the Stock Incentive Plan is 378,000 shares. At September 30, 2006, all options to purchase shares of the Company's common stock outstanding under the Stock Incentive Plan were cancelled pursuant to the Release and Settlement Agreement discussed in Note 1 to the financial statements. The shares of common stock available for issuance under the Stock Incentive Plan are subject to adjustment for any stock dividend or distribution, recapitalization, merger, consolidation, split-up, combination, exchange of shares or the like. Shares issued may consist in whole or in part of authorized but unissued shares or treasury shares. Shares tendered by a participant as payment for shares issued upon exercise of an option shall be available for issuance under the Stock Incentive Plan.

Any shares of common stock subject to an option, which for any reason is terminated unexercised or expires shall again be available for issuance under the Stock Incentive Plan. Subject to the provisions of the Stock Incentive Plan, the Committee may award incentive stock options and nonqualified stock options and determine the number of shares to be covered by each option, the option price therefore and the conditions and limitations applicable to the exercises of the option. Each option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable award or thereafter.

Incentive stock options granted under the Stock Incentive Plan are intended to qualify as such under section 422 of the Code. No incentive stock option granted under the Stock Incentive Plan may be exercisable more than 10 years from the date of grant.

The option price per share for nonqualified stock options and incentive stock options must at least equal the fair market value of the common stock on the date the option is granted. For a 10% shareholder must equal at least 110%. Each option shall be evidenced by a written stock option agreement, in such form as the Committee may from time to time determine, executed by the Company and the grantee, stating the number of shares of common stock subject to the option. The Committee may at any time and from time to time terminate or modify or amend the Stock Incentive Plan in any respect, except that without stockholder approval the Committee may not (i) increase the maximum number of shares of common stock which may be issued under the Stock Incentive Plan, (ii) extend the period during which any award may be granted or exercised, (iii) extend the term of the Stock Incentive Plan, or (iv) change the associates/employees or group of associates/employees eligible to receive incentive stock options.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company’s CEO was paid $19,500 and $3,000 in 2008 and 2007, respectively.

A stockholder made a non-interest bearing loan to the Company at September 30, 2008 in the amount of $20,000.

ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES:

The aggregate audit fees billed by Moore & Associates, Chartered for professional services rendered for the audit of our annual financial statements and the review of our quarterly financial statements for the fiscal years ended September 30, 2008 and 2007 was $7,500 and $5,250, respectively.

AUDIT RELATED FEES: None.

TAX FEES: Not applicable.

OTHER FEES: None.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements – The following financial statements of Double Eagle Holdings, Ltd. are contained in Item 8 of this Form 10-K:
   - Report of Independent Registered Public Accountant
   - Statements of Net Assets (Liabilities) at September 30, 2008 and 2007
   - Statements of Operations – For the years ended September 30, 2008, 2007 and 2006
   - Statements of Cash Flows – For the years ended September 30, 2008, 2007 and 2006
   - Statements of Changes in Net Assets (Liabilities) – For the years ended September 30, 2008, 2007 and 2006
   - Schedule of Investments – At September 30, 2008 and 2007
   - Notes to the Financial Statements
   - Financial Highlights - For the years ended September 30, 2008, 2007 and 2006

2. Financial Statement Schedules were omitted, as they are not required or are not applicable, or the required information is included in the Financial Statements.

3. Exhibits – The following exhibits are filed with this report or are incorporated herein by reference to a prior filing, in accordance with Rule 12b-32 under the Securities Exchange Act of 1934.

Exhibit	Description
31.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on December 29, 2008.

DOUBLE EAGLE HOLDINGS, LTD.

By: /s/ M.E. "Hank" Durschlag
M.E. "Hank" Durschlag, Chairman,
Chief Executive Officer and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Date	Title (Capacity)	Signature
December 29, 2008	Chairman, Chief Executive Officer and Chief Financial Officer	/s/ M.E. "Hank" Durschlag M.E. "Hank" Durschlag
December 29, 2008	Director	/s/ Ross E. Silvey Ross E. Silvey
December 29, 2008	Director	/s/ Erik S. Phillips Erik S. Phillips