

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: July 31, 2015

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 30 days after end of month

Submit copy of report to any official committee appointed in the case

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	Note (1)	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X	Note (1)	
Schedule of Professional Fees Paid	MOR-1b	X	Note (2)	
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X	Note (3,4,5)	
Balance Sheet	MOR-3	X	Note (3,4,5)	
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

See accompanying notes on following page.

Note:

The Debtors' business was sold on November 26, 2014. In connection with the sale, all of the Debtors' books and records were transferred to the buyer and financial and accounting staff are now working under the direction of the buyer. The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. Since the MOR contains unaudited information, it is subject to further review and potential adjustments which could result in material adjustments to the information presented herein.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

8/28/15

Date

ROBERT S. ROSENFELD

Printed Name of Authorized Individual

CRO

Title of Authorized Individual

* Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

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NOTES TO MONTHLY OPERATING REPORT

Note (1): The Schedule of Cash Receipts and Disbursements and the Bank Balances represent the combined cash activity and balances of the Debtors. Disbursements by legal entity through July 31, 2015 are summarized in the schedule on MOR-1.

Note (2): The Debtors occasionally fund a budgeted amount for professional fees into the Professional Fee Reserve. As funds are disbursed out of the Professional Fee Reserve they will be reported in MOR-1b.

Note (3): ATLS Acquisition, LLC ("ATLS") acquired, on December 3, 2012, the operating companies that, in the aggregate, comprise the Liberty Medical business enterprise. The accompanying Preliminary Unaudited Consolidated Financial Statements include the financial activity of ATLS and the operating companies since the date of acquisition. The Debtors have elected a fiscal year end of August 31st and a tax year-end of November 30th.

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these chapter 11 cases and is in a format acceptable to the United States Trustee. The attached financial statements are preliminary and unaudited.

The accompanying Preliminary Unaudited Consolidated Financial Statements of ATLS have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from ATLS's accounting sub ledger and general ledger systems except for certain accounts and disclosures.

There may be adjustments to the opening balance sheet as of December 3, 2012 that will impact the accompanying Preliminary Unaudited Consolidated Financial Statements. ASC 805 permits a one-year measurement period in which the opening balance sheet can be adjusted if additional information becomes available.

The Debtors are subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtors are defendants in various litigation matters, some of which involve claims for damages that are substantial in amount. The Debtors believe they have meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtors are unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying Preliminary Unaudited Consolidated Financial Statements related to these claims. An unfavorable outcome could have a materially adverse effect on our financial position and results of operations.

Any litigation loss related to business activity that occurred before the acquisition date of December 3, 2012, would be recorded as an addition to the contingent liability on the opening balance sheet with an offsetting reduction to the bargain purchase gain.

The Debtors routinely evaluate the adequacy of their reserves and are currently in the process of reviewing their allowance for doubtful accounts and bad debt expense which, depending on the results, could result in an adjustment to the financial statements herein.

Note (4): The Company historically had an intercompany agreement with Medco, its former owner, under which it earned and received rebates from Medco relating to the Company's purchases of products from one of Liberty's vendors. These rebates represented a pass through of rebates received from the vendor. Historically, the Company recorded these rebates as a reduction to Cost of Goods Sold in its interim financial statements. Prior to the MBO date and for the Post MBO period through June 30, 2013, the Company accrued rebates under this agreement. Pursuant to a settlement with Medco, in September, 2013, Medco paid Liberty \$4 million as a payment against rebates owed to Liberty, subject to further reconciliation between the parties. The Company has continued to accrue these rebates after June 30, 2013 and after application of the payment from Medco. Liberty has a recorded receivable balance due from Medco relating to these rebates at December 31, 2013 of approximately \$1.5 million. Medco has contested any amounts due to Liberty on the 12/31/13 balance. For the period January 1, 2014 through July 31, 2014, the Company recorded additional rebates due from Medco and reduction in Cost of Goods Sold of approximately \$1.8 million. Medco has asserted that, commencing January 1, 2014, it is not required to remit any further rebates to the Company, although has acknowledged that its affiliate was continuing to receive rebates related to Liberty's volume from the vendor.

The Company asserts that it is owed amounts for past due rebates and continues to pursue payment. Since there is an ongoing dispute, and for purposes of applying conservative accounting principles, the Company has elected to fully reserve for the amounts of previously recorded, but unpaid, rebates due from Medco in the July 2014 financial statements. As additional information comes to light, the Company will re-evaluate its financial statements and, make any further revisions, if necessary.

Note (5): On November 11, 2014, the Debtors conducted an auction for the sale of substantially all of its assets through section 363 of the Bankruptcy Code. The winning bid was awarded to Liberty Medical, LLC, an independent third party. On November 13, 2014, the Court approved the sale to Liberty Medical, LLC. On November 26, 2014, the Debtor closed the sale and transferred substantially all of its assets to the buyer. Pursuant to the Regulatory License Transfer Services Agreement (the "Regulatory TSA"), the Debtors are required to assist the Buyer with the transfer of regulatory licenses and permits by maintaining their corporate existence for a period of 18 months after closing. The Debtors filed a Plan of Liquidation on March 27, 2015.

UNITED STATES BANKRUPTCY COURT
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(Jointly Administered)Case No. 13-10262
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Note (6): In connection with the Asset Purchase Agreement between the Debtors and Liberty Medical, LLC ("Buyer"), dated November 13, 2014 (the "APA") and the Sale Order Approving the APA entered by the U.S. Bankruptcy Court on November 14, 2014 all commercial payor contracts of the Debtors were assigned to and assumed by Buyer on November 26, 2014 (the "Closing Date"). Pursuant to such assignment and assumption, Buyer owns all right, title and interest in and under the Contracts, including all revenue related to billing and collections from patients and third party vendors. Effective as of the Closing Date, Buyer was solely responsible for (i) reporting all revenue arising from the Contracts to the applicable Federal, State and local taxing authorities and (ii) the payment of all tax, penalty and interest liabilities (whether incurred by the Debtor or Buyer) arising from filing periods after the Closing Date. At the Closing, Buyer was in the process of establishing its applicable sales and use tax registration numbers with the respective State and local taxing authorities and, while Buyer had established a Federal Employment Identification Number ("FEIN"), Buyer had not yet notified each commercial payor of such new FEIN. As an accommodation to Buyer, Buyer reported all revenue related to such Contracts on the Debtors' sales and use income tax returns under the Debtors' FEIN for the relevant periods through January 31, 2015, with the exception of any quarterly and/or annual sales and use tax returns, which were or will be filed by Buyer. Effective February 1, 2015, Buyer is solely responsible for reporting all revenue related to the Contracts on Buyer's sales and use income tax returns under Buyer's FEIN and/or Buyer's sales and use tax registration numbers for each respective State or local jurisdiction, as applicable, and as a result no Management Fee will be due and owing by the Debtor to Buyer. Buyer will use its best efforts to notify each commercial payor under the Contracts of Buyer's FEIN.

Effective as of the Closing Date, Buyer was solely responsible for (i) reporting all revenue arising from the billing of patients covered by Medicare, Medicaid and any other governmental payor to the applicable Federal, State and local taxing authorities and (ii) the payment of all tax, penalty and interest liabilities (whether incurred by the Debtor or Buyer) arising from filing periods after the Closing Date. As an accommodation to the Buyer, while the pharmacy and DME licenses and permits were in the process of being transferred, Buyer reported all revenue related to such Contracts on the Debtors' sales and use income tax returns under the Debtors' FEIN for the relevant periods through January 31, 2015, with the exception of any quarterly and/or annual sales and use tax returns, which were or will be filed by Buyer. Effective February 1, 2015, Buyer is solely responsible for reporting all revenue related to patient billing covered by Medicare, Medicaid or any other governmental payor on Buyer's sales and use income tax returns under Buyer's FEIN and/or Buyer's sales and use tax registration numbers for each respective State or local jurisdiction, as applicable, and as a result no Management Fee will be due and owing by the Debtor to Buyer.

Note (7): On March 25, 2015, the Debtors filed their Federal income tax returns for the year end November 30, 2014 and subsequently on April 7, 2015 an amended federal income tax return for the year ending November 30, 2013 was filed in order to carry back the loss from 2014, resulting in a federal tax refund request of approximately \$14.7 million. In addition, the Debtors submitted Section 505(b) Requests for Prompt Determination related to both the 2013 and 2014 returns as well as a Section 505(a) Request for Prompt Refund for the 2013 tax year. The tax refund remains subject to IRS approval and the timing of the refund is currently unknown. In the next month, the Debtors anticipate filing state income tax returns for the same period which could generate additional refunds of approximately \$0.5 million. As the refund is under federal review and subject to audit, it has not been recorded on the books of the Debtors.

On April 30, 2015, the Debtors received notice from the IRS that the federal income tax returns had been selected for examination under Section 505(b) of the Bankruptcy Code.

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	Wells Fargo Master Operating	Signature BK Master	Signature BK Transaction	Signature FGST	Signature Marketplace	CURRENT PERIOD ACTUAL	CUMULATIVE FILING TO DATE ACTUAL	Professional Fee Reserve
CASH BEGINNING OF PERIOD	\$76,383	\$ 28,239,384	\$ 12,314	\$ 1,192	\$ 968	\$28,330,241	\$ 38,966,327	\$ 2,589,273
RECEIPTS								
Cash Receipts	-	-	596	-	-	\$ 596	\$ 508,539,625	\$ -
Net Transfers (To) / From Estate Accounts	-	-	-	-	-	-	(0)	-
Reimbursement (To) / From Employee Account	-	-	-	-	-	-	3,470,879	-
Interbank Funding	-	-	-	-	-	-	33,683,470	-
Funding to Professional Fee Reserve	-	(900,000)	-	-	-	(900,000)	(33,426,767)	900,000
Cash Rebates	-	-	-	-	-	-	18,054,044	-
Other	-	48,490	68,764	-	-	117,255	29,186,148	-
Total Receipts⁽¹⁾	\$ -	\$ (851,510)	\$ 69,360	\$ -	\$ -	\$ (782,149)	\$ 559,507,399	\$ 900,000
DISBURSEMENTS								
Product Supply	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,292,057	\$ -
Labor	-	-	-	-	-	-	94,913,897	-
Shipping/Freight/Postage	-	-	-	-	-	-	10,387,526	-
Marketing & Advertising	-	-	-	-	-	-	711,173	-
Patient Refunds	-	-	-	-	-	-	5,120,851	-
Telephone & Utilities	-	-	-	-	-	-	5,193,596	-
Insurance	-	40,885	-	-	-	40,885	2,536,860	-
Ordinary Course Professionals	-	-	-	-	-	-	1,802,443	-
SG&A & Other	3,289	-	517	-	-	3,806	18,508,708	-
Capital Expenditures	-	-	-	-	-	-	3,576,488	-
Taxes	-	-	26	-	-	26	30,556,498	-
Debt Service	-	-	-	-	-	-	23,405,479	-
Retained Professionals	-	-	-	-	-	-	-	671,365
Professional Fees	-	48,586	-	-	-	48,586	1,832,260	-
US Trustee Fees	-	-	-	-	-	-	156,450	-
Other Restructuring Expenses	-	-	-	-	-	-	8,853,538	-
Other Costs & Fees	-	-	-	-	-	-	5,128,080	-
Critical Vendor Payments/ 503(b)(9) claims	-	-	-	-	-	-	863,373	-
Adequate Protection Payments - Utilities	-	-	-	-	-	-	362,500	-
Buyer Expense Reconciliation Settlement	-	-	-	-	-	-	564,761	-
Reversals	-	-	-	-	-	-	(747,601)	-
Total Disbursements	\$ 3,289	\$ 89,471	\$ 543	\$ -	\$ -	\$ 93,303	\$ 571,018,938	\$ 671,365
Net Cash Flow	\$ (3,289)	\$ (940,981)	\$ 68,818	\$ -	\$ -	\$ (875,452)	\$ (11,511,539)	\$ 228,635
Cash - End Of Period	\$ 73,094	\$ 27,298,403	\$ 81,132	\$ 1,192	\$ 968	\$ 27,454,788	\$ 27,454,788	\$ 2,817,908

DISBURSEMENTS BY LEGAL ENTITY	CURRENT PERIOD	DISBURSEMENTS FEB 15 - JUL 31
TOTAL DISBURSEMENTS PER LEGAL ENTITY		
ATLS Acquisition, LLC	-	-
FGST Investments, Inc.	-	-
Polymedica Corporation	-	-
National Diabetic Medical Supply, LLC	-	-
ATLS Lane Development Company, Inc. (f/k/a Liberty Lane Development Company, Inc.)	-	-
ATLS Healthcare Group, Inc. (f/k/a Liberty Healthcare Group, Inc.)	3,289	1,240,051
ATLS Medical Supply, Inc. (f/k/a Liberty Medical Supply, Inc.)	990,014	603,205,654
ATLS Healthcare Pharmacy of Nevada, LLC (f/k/a Liberty Healthcare Pharmacy of Nevada, LLC)	-	-
Liberty Lane Condominium Association, Inc.	-	-
ATLS Marketplace, Inc. (f/k/a Liberty Marketplace, Inc.)	-	-
TOTAL DISBURSEMENTS BY LEGAL ENTITY⁽²⁾	\$ 993,303	\$ 604,445,705

(1) Since closing of the sale, the Debtors and the Buyer had been performing a weekly true-up of funds received or paid on each other's behalf. Most notably the Buyer was continuing to collect accounts receivable related to the LMSP pharmacy which was an excluded asset in the APA. As of April 27 2015, the Buyer had remitted approximately \$395,000 to the Debtors related to LMSP receipts. The Buyer has recently notified the Debtors that it believes there was an error in the tracking of the LMSP receipts and that they were commingled with receipts that belonged to the Buyer. They therefore believe that some of the receipts are owed back to the Buyer. The Debtors advisors are in the process of reviewing the issue and reconciling with the Buyer and, at this point, the potential liability is unknown.

(2) Total Disbursements reflect Total Operating Disbursements plus funding of Professional Fee Reserve, noted above as a transfer of funds.

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BANK RECONCILIATIONS

CASH AND MARKETABLE SECURITIES							Professional Fee Reserve ⁽¹⁾
	Wells Fargo Master Operating	Signature BK Master	Signature BK Transaction	Signature FGST	Signature Marketplace	ACTUAL	
Balance Per Bank	\$ 147,321	\$ 27,298,403	\$ 81,132	\$ 1,192	\$ 968	\$ 27,529,016	\$ 2,817,908
Deposits in Transit	-	-	-	-	-	-	-
Outstanding Checks and Charges	(74,227)	-	(0)	-	-	(74,227)	-
Other (List)	-	-	-	-	-	-	-
Balance per Books	73,094	27,298,403	81,132	1,192	968	27,454,789	2,817,908
Less: Unreconciled Difference						-	-
Total Cash						\$ 27,454,789	-
Total Restricted Cash						-	\$ 2,817,908

(1) The cash balance in the Professional Fee Reserve is held by Debtors' counsel and is considered part of Restricted Cash for reporting purposes.

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Covered	Payor	Amount Paid		Cumulative Filing to Date	
				Fees	Expenses	Fees	Expenses
Cousins Chipman & Brown, LLP	4/1/15 - 4/30/15	80%	ATLS Medical Supply, Inc.	2,331.60	4,152.13	1,736,001.90	75,800.63
Epiq Systems - Administrative Advisor				-	-	30,433.01	-
Epiq Systems - Claims Agent	5/1/15 - 5/30/15	100%	ATLS Medical Supply, Inc.	41,933.31	-	-	-
Epiq Systems - Claims Agent	6/1/15 - 6/30/15	100%	ATLS Medical Supply, Inc.	32,682.11	-	643,190.76	-
Ernst & Young	11/1/14 - 11/30/15	80%	ATLS Medical Supply, Inc.	244,337.20	10,301.61	7,265,953.61	309,632.70
Ernst & Young Capital Advisors				-	-	626,998.00	6,914.26
Grant Thornton LLP	4/1/15 - 4/30/15	80%	ATLS Medical Supply, Inc.	97,168.64	-	-	-
Grant Thornton LLP	5/1/15 - 5/31/15	80%	ATLS Medical Supply, Inc.	111,091.68	-	3,978,684.10	80,287.36
Greenberg Traurig LLP	5/1/15 - 5/31/15	80%	ATLS Medical Supply, Inc.	74,255.60	1,063.06	8,500,198.90	216,225.07
Lowenstein Sandler LLP	5/1/15 - 5/31/15	80%	ATLS Medical Supply, Inc.	25,405.20	415.80	1,501,333.25	31,693.29
Mesirow Financial Consulting LLC	5/1/15 - 5/31/15	80%	ATLS Medical Supply, Inc.	22,173.20	-	2,067,843.64	23,664.47
Stevens & Lee, P.C.	5/1/15 - 5/31/15	80%	ATLS Medical Supply, Inc.	4,020.00	33.90	391,874.67	4,537.49
Raymond James				-	-	774,747.83	-
Williams & Connolly LLP				-	-	1,088,483.09	273,112.14
Total (Excluding Duplicates)				\$ 655,398.54	\$ 15,966.50	\$ 28,605,742.75	\$ 1,021,867.41

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STATEMENT OF OPERATIONS
(Income Statement)
UNAUDITED

This Statement of Operations is to be completed on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

MONTH ENDED JULY 31, 2015	ATLS MEDICAL SUPPLY, INC. ⁽¹⁾	CONSOLIDATED TOTAL ⁽²⁾	CUMULATIVE FILING TO DATE
	13-10268		
GROSS SALES			
Gross Sales	\$ -	\$ -	\$ 750,392,336
Provision for Contractual Allowance	-	-	(189,106,890)
Provision for Sequester Allowance	-	-	(1,264,182)
Provision for Sales Returns	-	-	(5,872,977)
Net Revenues	-	-	554,148,287
COST OF GOODS SOLD			
Direct Cost of Goods Sold:			
Cost of Products	-	-	367,109,455
Management Fee	-	-	45,900,000
Rebates	-	-	(23,203,144)
Total Direct Cost of Goods Sold	-	-	389,806,310
Product Margin	-	-	164,341,976
Cost of Freight	-	-	13,570,595
Bad Debt Expense	-	-	43,082,226
Total Cost of Goods Sold	-	-	446,459,131
Gross Margin	-	-	107,689,155
OPERATING EXPENSE			
Gross Wage Expense	-	-	49,320,014
Benefits Expense	-	-	10,612,549
Payroll Tax Expense	-	-	4,175,091
Overtime Expense	-	-	1,453,514
Capitalized IT Wages	-	-	(2,252,446)
Temporary Labor Expense	-	-	7,379,305
Payroll Processing Fees	-	-	193,566
Insurance Expense	39,231	39,231	1,934,181
Recruiting Expense	-	-	56,513
Travel and Entertainment Expense	-	-	888,871
Telephone Expense	-	-	4,255,715
Cellular Phone Expense	-	-	181,498
Utilities Expense	-	-	1,243,793
Rent Expense	-	-	509,455
Equipment Lease	-	-	1,788,097
Computer Hardware & Software Maint.	-	-	2,746,661
Facilities Repairs & Maintenance	-	-	729,998
Shipping Supplies	-	-	609,906
Office Supplies	-	-	170,930
Office Services	-	-	270,304
Printing Expense	-	-	310,513
Computer Supplies	-	-	207,190
Postage Expense	-	-	1,327,302
Consulting Expense	-	-	192,580
Legal Fees	-	-	(255,357)
Audit & Tax Consulting Fees	-	-	589,396
Professional Fees	-	-	4,918,105
Outsourcing Expense - Domestic	-	-	1,178,088
Outsourcing Expense - Offshore	-	-	14,251,047
Outsourcing Expense - IT	-	-	480,276
Other Prof. Licensing Fee	-	-	734,651
Outside Claim Verification	-	-	652,896
Advertising Expense	-	-	1,064,886
Janitorial Services	-	-	450,341
Security Services	-	-	312,595
Taxes - Sales/Value Added/Use	-	-	1,994,261
Taxes - Real Estate	-	-	926,839
Taxes - Personal Property	-	-	202,317
Taxes - Other	28	28	218,225
Bank Charges	3,289	3,289	1,298,814
Other Expenses	-	-	46,844
Dues & Subscriptions	-	-	5,776
Other (Income)/Expenses	200	200	(605,715)
Bad Debt Recovery Income	(596)	(596)	(3,066,422)
Total Operating Expense	42,152	42,152	113,702,959
EBITDA	(42,152)	(42,152)	(6,013,804)
Depreciation Expense	-	-	7,315,311
Amortization Expense	-	-	12,774,258
Interest (Income)/Expenses	(607)	(607)	937,360
Operating Income/(Loss)	(41,545)	(41,545)	(27,040,732)
Income Tax	(29,886)	(29,886)	22,485,958
Income Before Gain/(loss) & Other	(11,659)	(11,659)	(49,526,689)
REORGANIZATION ITEMS			
Bargain Purchase Gain/(loss)	-	-	(272,739)
Gain/(Loss) on Settlement of Debt	-	-	3,788,680
Total Loss on Sale of Assets	-	-	50,268,109
Bankruptcy Professional Fees	538,152	538,152	26,795,178
Restructuring - Litigation Fees	-	-	5,274,783
Restructuring	-	-	2,255,453
Post Acquisition Non-Recurring Exp.	-	-	5,724,332
Inventory Obso. Write Off	-	-	4,666,956
Bankruptcy Travel	-	-	8,652
Severance	-	-	973,258
Net Income/(Loss)	\$ (549,811)	\$ (549,811)	\$ (141,977,470)

Note: See Notes to Monthly Operating Report.

(1) Formerly known as Liberty Medical Supply, Inc.

(2) No activity recorded in ATLS Acquisition, LLC (13-10262), FGST Investments, Inc. (13-10263), Polymedica Corporation (13-10264), National Diabetic Medical Supply, LLC (13-10265), ATLS Lane Development Company, Inc. (13-10266; formerly known as Liberty Lane Development Company, Inc.), ATLS Healthcare Group, Inc. (13-10267; formerly known as Liberty Healthcare Group, Inc.), ATLS Healthcare Pharmacy of Nevada, LLC (13-10269; formerly known as Liberty Healthcare Pharmacy of Nevada, LLC), Liberty Lane Condominium Association, Inc. (13-10270) and ATLS Marketplace, Inc. (13-10271; formerly known as Liberty Marketplace, Inc.).

(3) See Global Note No. 6 to Monthly Operating Report regarding treatment of revenue and the management fee related to the Regulatory TSA.

In re : ATLS Acquisition, LLC
(Jointly Administered)

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**BALANCE SHEET
UNAUDITED**

This Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

AS OF JULY 31, 2015	ATLS ACQUISITION, LLC 13-10262	FGST INVESTMENTS, INC. 13-10263	POLYMEDICA CORPORATION 13-10264	ATLS HEALTHCARE GROUP, INC. (1) 13-10267	ATLS MEDICAL SUPPLY, INC. (2) 13-10268	ATLS MARKETPLACE, INC. (3) 13-10271	ATLS LANE DEVELOPMENT COMPANY, INC. 13-10266	CONSOLIDATED TOTAL (4)	AS OF FILING DATE
ASSETS:									
CURRENT ASSETS									
Cash	\$ -	\$ 1,192	\$ -	\$ -	\$ 27,452,629	\$ 968	\$ -	\$ 27,454,789	\$ 39,378,858
Restricted Cash	-	-	-	-	2,817,908	-	-	2,817,908	-
Marketable Securities	-	-	-	-	-	-	-	-	48,323
Total Cash and Cash Equivalent	-	1,192	-	-	30,270,537	968	-	30,272,696	39,427,181
Trade A/R	-	-	-	-	2,921,916	-	-	2,921,916	272,615,549
Unposted Cash	-	-	-	-	-	-	-	-	(30,777,438)
Contractual Allowance	-	-	-	-	-	-	-	-	(48,660,933)
Allowance For Doubtful Accounts	-	-	-	-	(2,921,916)	-	-	(2,921,916)	(133,185,869)
Sequester Allowance	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	(1,166,390)
A/R, Net	-	-	-	-	-	-	-	-	58,824,919
Manufacture Rebates (net) and Other A/R	-	-	-	-	-	-	-	-	13,700,944
Inventory:	-	-	-	-	-	-	-	-	25,069,520
Inventory, Gross	-	-	-	-	-	-	-	-	(1,405,000)
Inventory In Transit	-	-	-	-	-	-	-	-	-
Reserve for Obsolescence	-	-	-	-	-	-	-	-	-
Inventory Pump to be Refurb	-	-	-	-	-	-	-	-	-
Inventory, Net	-	-	-	-	-	-	-	-	23,664,520
Prepaid and Other Current Assets	33,000	10	-	427,982	4,895,141	-	-	5,356,133	18,874,944
Note Receivable	-	-	-	-	-	-	-	-	9,307,526
Total Current Assets	33,000	1,202	-	427,982	35,165,678	968	-	35,628,829	163,800,035
PP & E									
Land	-	-	-	-	-	-	-	-	4,670,000
Building	-	-	-	-	-	-	-	-	17,040,000
Leasehold Improvements	-	-	-	-	-	-	-	-	2,600,000
M&E	-	-	-	-	-	-	-	-	1,037,325
Auto	-	-	-	-	-	-	-	-	70,041.92
Computer Hardware & Software	-	-	-	-	-	-	-	-	5,021,911.50
FF&E	-	-	-	-	-	-	-	-	1,620,465.25
CIP	-	-	-	-	-	-	-	-	403,649
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	(550,466)
Total PP & E, Net	-	-	-	-	-	-	-	-	31,912,927
Rental Assets, Net	-	-	-	-	-	-	-	-	5,030,410
Intangibles, Net	-	-	-	-	-	-	-	-	27,740,482
Total Non-Current Assets	-	-	-	-	-	-	-	-	64,683,819
TOTAL ASSETS	\$ 33,000	\$ 1,202	\$ -	\$ 427,982	\$ 35,165,678	\$ 968	\$ -	\$ 35,628,829	\$ 228,483,854
LIABILITIES AND OWNER EQUITY LIABILITIES									
Current Liabilities									
Subject to Compromise:	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	28,621,418	-	-	28,621,418	43,809,518
Accrued and Other Current Liabilities	-	-	-	-	15,924,802	-	-	15,924,802	11,005,114
Total Subject to Compromise	-	-	-	-	44,546,221	-	-	44,546,221	54,814,632
Not Subject to Compromise:	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	2,467,623	-	-	2,467,623	-
Employee Account Due to Buyer	-	-	-	-	-	-	-	-	-
Accrued and Other Current Liabilities	-	-	-	-	4,539,533	-	-	4,539,533	10,336,247
Note Payable	-	-	-	-	-	-	-	-	40,260,539
Intercompany	66,467	(118,349,152)	(10)	8,793,764	108,500,723	968	960,089	(27,150)	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	359,775
Total Not Subject to Compromise	66,467	(118,349,152)	(10)	8,793,764	115,507,880	968	960,089	6,980,006	50,956,562
Total Liabilities	66,467	(118,349,152)	(10)	8,793,764	160,054,100	968	960,089	51,526,227	105,771,193
Equity									
Common Stock	-	-	10	-	-	-	-	10	10
Retained Earnings	(33,467)	118,350,354	-	(8,365,782)	(124,888,423)	-	(960,089)	(15,897,408)	122,712,661
Total Equity	(33,467)	118,350,354	10	(8,365,782)	(124,888,423)	-	(960,089)	(15,897,398)	122,712,661
TOTAL LIABILITIES AND EQUITY	\$ 33,000	\$ 1,202	\$ -	\$ 427,982	\$ 35,165,678	\$ 968	\$ -	\$ 35,628,829	\$ 228,483,854

Note: See Notes to Monthly Operating Report.

(1) Formerly known as Liberty Healthcare Group, Inc.

(2) Formerly known as Liberty Medical Supply, Inc.

(3) Formerly known as Liberty Marketplace, Inc.

(4) No activity recorded in National Diabetic Medical Supply, Inc. (13-10265), ATLS Healthcare Pharmacy of Nevada, LLC (13-10269; formerly known as Liberty Healthcare Pharmacy of Nevada, LLC) and Liberty Lane Condominium Association, Inc. (13-10270).

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: July 31, 2015

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero. Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	All payroll with the exception of PTO was terminated as of December 31, 2014. PTO was paid in full as of February 28, 2015.					
FICA-Employee						
FICA-Employer						
Unemployment						
Income	\$ (4,274,098)	\$ -	\$ -			\$ (4,274,098)
Other	-	-	-			-
Total Federal Taxes	\$ (4,274,098)	\$ -	\$ -			\$ (4,274,098)
State and Local						
Withholding	See Note Above					
Sales & Use	\$ -	\$ -	\$ -			\$ -
State Income Tax	29,912	(29,886)	26			-
Excise	-	-	-			-
Unemployment	-	-	-			-
Real & Personal Property	-	-	-			-
Other	-	-	-			-
Total State and Local	29,912	(29,886)	26			-
Total Taxes	\$ (4,244,186)	\$ (29,886)	\$ 26			\$ (4,274,098)

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable - Trade	\$ -	\$ -	\$ -	\$ -	\$ 2,467,623	\$ 2,467,623
Wages Payable	-	-	-	-	-	-
Segregated Employee Account	-	-	-	-	-	-
Taxes Payable	(4,274,098)	-	-	-	-	(4,274,098)
Rent/Leases - Building	-	-	-	-	-	-
Rent/Leases - Equipment	-	-	-	-	-	-
Secured Debt/Adequate Protection Payments	-	-	-	-	-	-
Professional Fees	2,766,953	-	-	-	-	2,766,953
Amounts due to Insiders*	-	-	-	-	-	-
Other - Accruals	-	-	-	-	6,019,528	6,019,528
Total Postpetition Debts	\$ (1,507,145)	\$ -	\$ -	\$ -	\$ 8,487,151	\$ 6,980,006

* "Insider" is defined in 11 U.S.C. Section 101(31).

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: July 31, 2015

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Net Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period	\$	-
+ Amounts billed during the period		-
+ Bad Debt Recovery		596
- Amounts collected during the period		596
- Allowance for Doubtful Accounts		-
Net Accounts Receivable at the end of the reporting period	\$	0
Gross Accounts Receivable Reconciliation		
Total Accounts Receivable (Gross)	\$	2,921,916
- Allowances		(2,921,916)
Accounts Receivable (Net)	\$	-

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.	(1)	
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X

(1) During the month ended July 31, 2015, \$671,365 in professional fees were disbursed from the Professional Fee Account, maintained by the Debtors' counsel, pursuant to Certificates of No Objection to Fee Application filed (see MOR-1b).