

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: APLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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)	
Balance Sheet	MOR-3	X	Note (3)	
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.

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*

Date

Printed Name of Authorized Individual

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.

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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 are summarized in the schedule on MOR-1.

Note (2): On a weekly basis the Debtors fund a budgeted amount for professional fees into the Professional Fee Reserve pursuant to the cash collateral budget. 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.

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	BANK ACCOUNTS ⁽¹⁾											CURRENT PERIOD	CUMULATIVE FILING TO DATE	Utilities Reserve	Professional Fee Reserve
	BofA Master Operating	BofA Receipt (10 Accounts) ⁽¹⁾	Wells Fargo Master Operating	Wells Fargo Rebate ⁽²⁾	Wells Fargo Checking	Wells Fargo Refund (3 Accounts)	Wells Fargo FGST	Wells Fargo Marketplace	Wells Fargo S&U	Wells Fargo Settlement	US Bank Receipt	ACTUAL	ACTUAL		
CASH BEGINNING OF PERIOD	\$11,103,338	\$ -	\$3,430,797	\$ -	\$ -	\$ -	\$ 100,537	\$ 968	\$900,042	\$ -	\$52,711	\$ 15,588,392	\$ 38,966,327	\$ 300,000	\$ 6,718,872
RECEIPTS															
Cash Receipts	\$ -	\$ 19,147,528	\$ -	\$ -	\$ -	\$ -	\$ 6,890,851	\$ -	\$ -	\$ -	\$ 202,299	\$ 26,240,679	\$ 421,396,073	\$ -	\$ -
Net Transfers (To) / From Accounts	19,396,401	(19,147,528)	(8,314,918)	(916,693)	8,907,096	239,515	-	-	85,000	-	(248,873)	0	(0)	-	-
Interbank Funding	(18,000,001)	-	18,000,001	-	-	-	-	-	-	-	-	-	-	-	-
Funding to Professional Fee Reserve	-	-	(924,000)	-	-	-	-	-	-	-	-	(924,000)	(26,216,838)	-	924,000
Cash Rebates	129,398	-	-	916,693	-	-	-	-	-	-	-	1,046,091	15,459,795	-	-
Other	-	-	28,595	-	-	-	-	-	-	-	-	28,595	25,575,284	-	-
Total Receipts	\$ 1,525,798	\$ -	\$ 8,789,678	\$ -	\$ 8,907,096	\$ 239,515	\$ 6,890,851	\$ -	\$ 85,000	\$ -	\$ (46,574)	\$ 26,391,365	\$ 436,214,314	\$ -	\$ 924,000
DISBURSEMENTS															
Product Supply	\$ -	\$ -	\$ 8,635,696	\$ -	\$ 5,778,324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,414,020	\$ 287,428,410	\$ -	\$ -
Labor	-	-	2,532,660	-	1,180,140	-	-	-	-	-	-	3,712,801	73,095,905	-	-
Shipping/Freight/Postage	-	-	17,072	-	259,879	-	-	-	-	-	-	276,950	8,659,806	-	-
Marketing & Advertising	-	-	-	-	42,475	-	-	-	-	-	-	42,475	418,570	-	-
Patient Refunds	-	-	-	-	-	239,515	-	-	-	-	-	239,515	4,095,655	-	-
Telephone & Utilities	-	-	-	-	230,495	-	-	-	-	-	-	230,495	4,155,592	-	-
Insurance	-	-	-	-	74,115	-	-	-	-	-	-	74,115	2,052,859	-	-
Ordinary Course Professionals	-	-	-	-	1,890	-	-	-	-	-	-	1,890	1,322,934	-	-
SG&A & Other	37,414	-	172,124	-	634,306	-	26	-	-	6,137	-	850,007	15,174,057	-	-
Capital Expenditures	-	-	-	-	341,875	-	-	-	-	-	-	341,875	2,763,513	-	-
Taxes	-	-	-	-	363,597	-	-	-	6,140	-	-	369,737	29,312,777	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	23,405,479	-	-
Retained Professionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,161,464
Interim Management	-	-	73,103	-	-	-	-	-	-	-	-	73,103	1,022,422	-	-
US Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	-	47,275	-	-
Other Restructuring Expenses	-	-	-	-	-	-	-	-	-	-	-	-	210,477	-	-
Critical Vendor Payments/ 503(b)(9) claims	-	-	-	-	-	-	-	-	-	-	-	-	863,373	-	-
Adequate Protection Payments - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	362,500	-	-
Reversals	-	-	-	-	-	-	-	-	-	-	-	-	(563,736)	-	-
Total Disbursements	\$ 37,414	\$ -	\$ 11,430,655	\$ -	\$ 8,907,096	\$ 239,515	\$ 26	\$ -	\$ 6,140	\$ -	\$ 6,137	\$ 20,626,983	\$ 453,827,867	\$ -	\$ 1,161,464
Net Cash Flow	\$ 1,488,384	\$ -	\$ (2,640,976)	\$ -	\$ -	\$ -	\$ 6,890,825	\$ -	\$ 78,860	\$ -	\$ (52,711)	\$ 5,764,382	\$ (17,613,553)	\$ -	\$ (237,464)
Cash - End Of Period⁽³⁾	\$ 12,591,722	\$ -	\$ 789,821	\$ -	\$ -	\$ -	\$ 6,991,362	\$ 968	\$ 978,902	\$ 67,387	\$ -	\$ 21,352,774	\$ 21,352,774	\$ 300,000	\$ 6,481,408

DISBURSEMENTS BY LEGAL ENTITY		CURRENT PERIOD	DISBURSEMENTS FEB 15 - JUNE 30
TOTAL DISBURSEMENTS PER LEGAL ENTITY	ACC. NUMBER		
ATLS Acquisition, LLC	111-13-10262	-	-
FGST Investments, Inc.	111-13-10263	-	-
Polymedica Corporation	111-13-10264	-	-
National Diabetic Medical Supply, LLC	111-13-10265	-	-
Liberty Lane Development Company, Inc.	111-13-10266	-	-
Liberty Healthcare Group, Inc.	111-13-10267	52,749	927,132
Liberty Medical Supply, Inc.	111-13-10268	21,498,234	479,117,573
Liberty Healthcare Pharmacy of Nevada	111-13-10269	-	-
Liberty Lane Condominium Association, Inc.	111-13-10270	-	-
Liberty Marketplace, Inc.	111-13-10271	-	-
TOTAL DISBURSEMENTS BY LEGAL ENTITY⁽⁴⁾		\$ 21,550,983	\$ 480,044,705

(1) Includes 10 receipt accounts sweeping collections to BofA Master Operating bi-weekly.
 (2) Rebate collections account sweeps funds to Wells Fargo Master Operating on a daily basis.
 (3) Balance does not include United Healthcare Administered Plan Account (\$433,519) balance.
 (4) Total Disbursements reflect Total Operating Disbursements plus funding of Professional Fee Reserve, noted above as a transfer of funds.

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

BANK RECONCILIATIONS

CASH AND MARKETABLE SECURITIES												RESTRICTED CASH	
	BofA Master Operating	Wells Fargo Master Operating	Wells Fargo Rebates	Wells Fargo Checking	Wells Fargo Refund (3 Accounts)	Wells Fargo FGST	Wells Fargo Marketplace	Wells Fargo S&U	Wells Fargo Settlement	US Bank Receipt	ACTUAL	Utilities Reserve ⁽¹⁾	Professional Fee Reserve ⁽²⁾
Balance Per Bank	\$ 12,524,335	\$ 1,962,206	\$ -	\$ -	\$ -	\$ 6,991,362	\$ 968	\$ 978,902	\$ -	\$ 67,387	\$ 22,525,159	\$ 300,000	\$ 6,481,408
Deposits in Transit	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Checks and Charges	-	(1,172,385)	-	-	-	-	-	-	-	-	(1,172,385)	-	-
Other (List)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance per Books	12,524,335	789,821	-	-	-	6,991,362	968	978,902	-	67,387	21,352,774	300,000	6,481,408
Plus: Utilities Reserve											-		300,000
Plus: UHC Administered Plan Account											1,039		433,519
Less: Unreconciled Difference													-
Total Cash	-	-	-	-	-	-	-	-	-	-	\$ 21,353,813	-	-
Total Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	\$ 7,214,927	-

(1) The cash balance in the WF Adequate Protection Reserve account, although controlled by the Debtors, is considered part of Restricted Cash for reporting purposes.

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

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	7,734.50	-	970,029.30	35,541.80
Epiq Systems - Administrative Advisor				-	-	1,716.00	-
Epiq Systems - Claims Agent						200,214.06	-
Ernst & Young	8/1/13 - 10/31/13	20%	Liberty Medical Supply, Inc.	210,671.40	-	-	-
Ernst & Young	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	213,177.10	-	4,706,282.50	226,317.27
Ernst & Young Capital Advisors	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	54,877.90	-	481,497.10	6,914.26
Grant Thornton LLP	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	184,493.76	-	2,172,372.42	80,068.76
Greenberg Traurig LLP	4/1/14 - 4/30/14	80%	Liberty Medical Supply, Inc.	148,469.00	2,325.31	-	-
Greenberg Traurig LLP	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	128,591.80	-	5,550,595.20	175,033.45
Lowenstein Sandler LLP	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	28,048.70	-	914,485.20	21,191.32
Mesirov Financial Consulting LLC	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	24,420.01	-	1,216,259.22	18,835.08
Stevens & Lee, P.C.	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	6,029.30	-	238,895.90	3,642.83
Raymond James	5/1/14 - 5/31/14	100%	Liberty Medical Supply, Inc.	75,000.00	-	-	-
Raymond James	6/1/14 - 6/30/14	100%	Liberty Medical Supply, Inc.	75,000.00	-	375,000.00	-
Williams & Connolly LLP	11/1/13 - 1/31/14	20%	Liberty Medical Supply, Inc.	2,625.42	-	1,087,295.40	271,994.08
Total (Excluding Duplicates)				\$ 1,159,138.89	\$ 2,325.31	\$ 17,914,642.29	\$ 839,538.85

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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 JUNE 30, 2014	ATLS ACQUISITION, LLC 13-10262	LIBERTY HEALTHCARE GROUP, INC. 13-10267	LIBERTY MEDICAL SUPPLY, INC. 13-10268	LIBERTY LANE DEVELOPMENT COMPANY, INC. 13-10266	LIBERTY LANE CONDOMINIUM ASSOCIATION, INC. 13-10270	CONSOLIDATED TOTAL ⁽¹⁾	CUMULATIVE FILING TO DATE
GROSS SALES							
Gross Sales	\$ -	\$ -	\$ 29,117,525	\$ -	\$ -	\$29,117,525	\$577,504,242
Provision for Contractual Allowance	-	-	(8,848,089)	-	-	(8,848,089)	(149,135,972)
Provision for Sequester Allowance	-	-	(68,039)	-	-	(68,039)	(1,159,711)
Provision for Sales Returns	-	-	(224,085)	-	-	(224,085)	(4,805,819)
Net Revenues	-	-	19,977,312	-	-	19,977,312	422,402,741
COST OF GOODS SOLD							
Direct Cost of Goods Sold:							
Cost of Products	-	-	14,905,781	-	-	14,905,781	302,871,269
Rebates	-	-	(1,025,476)	-	-	(1,025,476)	(22,565,905)
Total Direct Cost of Goods Sold	-	-	13,880,305	-	-	13,880,305	280,305,364
Product Margin	-	-	6,097,007	-	-	6,097,007	142,097,377
Cost of Freight	-	-	501,839	-	-	501,839	11,571,526
Bad Debt Expense	-	-	856,479	-	-	856,479	34,534,254
Total Cost of Goods Sold	-	-	15,238,623	-	-	15,238,623	326,411,143
Gross Margin	-	-	4,738,689	-	-	4,738,689	95,991,598
OPERATING EXPENSE							
Gross Wage Expense	-	-	1,922,256	-	-	1,922,256	41,184,160
Benefits Expense	-	-	500,459	-	-	500,459	8,690,260
Payroll Tax Expense	-	-	136,907	-	-	136,907	3,497,128
Overtime Expense	-	-	53,034	-	-	53,034	1,215,041
Capitalized IT Wages	-	-	(108,046)	-	-	(108,046)	(1,765,436)
Temporary Labor Expense	-	-	244,904	-	-	244,904	5,806,765
Payroll Processing Fees	-	-	5,335	-	-	5,335	161,465
Insurance Expense	-	-	66,438	-	-	66,438	1,407,398
Recruiting Expense	-	-	1,819	-	-	1,819	52,629
Travel and Entertainment Expense	-	-	40,621	-	-	40,621	717,069
Telephone Expense	-	-	(232,466)	-	-	(232,466)	3,482,681
Cellular Phone Expense	-	-	7,422	-	-	7,422	143,353
Utilities Expense	-	-	56,096	-	-	56,096	990,275
Rent Expense	-	-	45,216	-	-	45,216	621,072
Equipment Lease	-	-	66,105	-	-	66,105	1,485,740
Computer Hardware & Software Maint.	-	-	153,234	-	-	153,234	2,003,824
Facilities Repairs & Maintenance	-	-	33,812	-	-	33,812	611,723
Shipping Supplies	-	-	29,590	-	-	29,590	529,600
Office Supplies	-	-	2,914	-	-	2,914	142,032
Office Services	-	-	16,244	-	-	16,244	180,753
Printing Expense	-	-	10,046	-	-	10,046	257,162
Computer Supplies	-	-	3,172	-	-	3,172	187,047
Postage Expense	-	-	42,193	-	-	42,193	1,075,883
Consulting Expense	-	-	14,818	-	-	14,818	169,180
Legal Fees	-	-	-	-	-	-	(255,641)
Audit & Tax Consulting Fees	-	-	50,418	-	-	50,418	686,046
Professional Fees	-	-	178,425	-	-	178,425	3,967,705
Outsourcing Expense - Domestic	-	-	29,740	-	-	29,740	1,059,221
Outsourcing Expense - Offshore	-	-	748,327	-	-	748,327	10,387,458
Outsourcing Expense - IT	-	-	38,024	-	-	38,024	350,926
Other Prof. Licensing Fee	-	-	32,116	-	-	32,116	559,041
Outside Claim Verification	-	-	25,477	-	-	25,477	502,703
Advertising Expense	-	-	87,378	-	-	87,378	777,518
Janitorial Services	-	-	16,310	-	-	16,310	374,355
Security Services	-	-	10,164	-	-	10,164	266,058
Taxes - Sales/Value Added/Use	-	-	45,000	-	-	45,000	1,921,564
Taxes - Real Estate	-	-	41,533	-	-	41,533	686,226
Taxes - State	-	-	-	-	-	-	-
Taxes - Personal Property	-	-	12,078	-	-	12,078	180,447
Taxes - Other	-	-	11,058	-	-	11,058	164,942
Bank Charges	-	34,174	25,688	-	-	59,862	984,821
Other Expenses	-	-	-	-	-	-	46,686
Dues & Subscriptions	-	-	-	-	-	-	5,776
Other (Income)/Expenses	-	-	546	-	-	546	(478,629)
Bad Debt Recovery Income	-	-	(362,932)	-	-	(362,932)	(1,376,839)
Total Operating Expense	-	34,174	4,101,473	-	-	4,135,647	93,617,181
EBITDA	-	(34,174)	637,216	-	-	603,042	2,374,417
Depreciation Expense	-	24,233	361,678	-	190	386,101	5,321,192
Amortization Expense	-	-	223,005	-	-	223,005	11,659,233
Interest (Income)/Expenses	-	-	9,311	-	-	9,311	911,812
Operating Income/(Loss)	-	(58,407)	43,222	-	(190)	(15,375)	(15,517,821)
Income Tax	-	-	(42,367)	-	-	(42,367)	25,021,766
Income Before Gain/(loss) & Other	-	(58,407)	85,589	-	(190)	26,992	(40,539,587)
REORGANIZATION ITEMS							
Bargain Purchase Gain/(loss)	-	-	-	-	-	-	(272,739)
Gain/(Loss) on Settlement of Debt	-	-	-	-	-	-	3,636,517
Bankruptcy Professional Fees	-	-	872,955	-	-	872,955	17,960,537
Restructuring - Litigation Fees	-	-	35,807	-	-	35,807	4,513,023
Restructuring	-	-	-	-	-	-	2,255,453
Post Acquisition Non-Recurring Exp.	-	-	(50,894)	-	-	(50,894)	5,100,671
Inventory Obso. Write Off	-	-	-	-	-	-	4,666,956
Bankruptcy Travel	-	-	-	-	-	-	8,652
Severance	-	-	-	-	-	-	973,258
Net Income/(Loss)	\$ -	\$ (58,407)	\$ (772,279)	\$ -	\$ (190)	\$ (830,876)	\$ (72,654,359)

Note: See Notes to Monthly Operating Report.

(1) No activity recorded in National Diabetic Medical Supply, Inc. (13-10265), FGST Investments, Inc. (13-10263), Liberty Marketplace, Inc. (13-10271), Polymedica Corp (13-10264) or Liberty Healthcare Pharmacy of Nevada (13-10269).

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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 JUNE 30, 2014	ATLS ACQUISITION, LLC	FGST INVESTMENTS, INC.	POLYMEDICA CORPORATION	LIBERTY HEALTHCARE GROUP, INC.	LIBERTY MEDICAL SUPPLY, INC.	LIBERTY MARKETPLACE, INC.	LIBERTY LANE DEVELOPMENT COMPANY, INC.	LIBERTY LANE CONDOMINIUM ASSOCIATION, INC.	CONSOLIDATED TOTAL ⁽¹⁾	AS OF FILING DATE
	13-10262	13-10263	13-10264	13-10267	13-10268	13-10271	13-10266	13-10270		
ASSETS:										
CURRENT ASSETS										
Cash	\$ -	\$ 6,991,362	\$ -	\$ 14,375,493	\$ (14,010)	\$ 968	\$ -	\$ -	\$ 21,353,813	\$ 39,378,858
Restricted Cash	-	-	-	-	7,214,927	-	-	-	7,214,927	-
Marketable Securities	-	-	-	-	-	-	-	-	-	48,323
Total Cash and Cash Equivalen	-	6,991,362	-	14,375,493	7,200,917	968	-	-	28,568,740	39,427,181
Trade A/R	-	-	-	-	94,138,236	-	-	-	94,138,236	272,615,549
Unposted Cash	-	-	-	-	(5,288,061)	-	-	-	(5,288,061)	(30,777,438)
Contractual Allowance	-	-	-	-	(29,107,162)	-	-	-	(29,107,162)	(48,660,933)
Allowance For Doubtful Accounts	-	-	-	-	(21,325,193)	-	-	-	(21,325,193)	(133,185,869)
Sequester Allowance	-	-	-	-	(775,496)	-	-	-	(775,496)	-
Other Reserves	-	-	-	-	(2,483,112)	-	-	-	(2,483,112)	(1,166,390)
AR, Net	-	-	-	-	35,159,212	-	-	-	35,159,212	58,824,919
Manufacture Rebates and Other A/R	-	-	-	-	4,530,827	-	-	-	4,530,827	13,700,944
Inventory:	-	-	-	-	-	-	-	-	-	-
Inventory, Gross	-	-	-	-	10,924,324	-	-	-	10,924,324	25,069,520
Inventory In Transit	-	-	-	-	-	-	-	-	-	(1,405,000)
Reserve for Obsolescence	-	-	-	-	(512,379)	-	-	-	(512,379)	-
Inventory Pump to be Refurb	-	-	-	-	240,948	-	-	-	240,948	-
Inventory, Net	-	-	-	-	10,652,893	-	-	-	10,652,893	23,664,520
Prepaid and Other Current Assets	250,661	10	-	485,561	6,564,072	-	-	-	7,300,304	18,874,944
Note Receivable	-	-	-	-	-	-	-	-	-	9,307,526
Total Current Assets	250,661	6,991,372	-	14,861,054	64,107,921	968	-	-	86,211,976	163,800,035
PP & E										
Land	-	-	-	310,000	3,440,000	-	920,000	-	4,670,000	4,670,000
Building	-	-	-	7,270,000	9,775,026	-	-	-	17,045,026	17,040,000
Leasehold Improvements	-	-	-	-	2,665,728	-	-	-	2,665,728	2,600,000
M&E	-	-	-	-	1,081,978	-	-	-	1,081,978	1,037,325
Auto	-	-	-	-	70,042	-	-	-	70,042	70,042
Computer Hardware & Software	-	-	-	-	9,244,823	-	-	-	9,244,823	5,021,912
FF&E	-	-	-	-	1,587,535	-	-	27,150	1,614,685	1,620,465
CP	-	-	-	-	2,156,600	-	-	-	2,156,600	403,649
Less: Accumulated Depreciation	-	-	-	(453,423)	(5,410,393)	-	-	(3,575)	(5,867,391)	(550,466)
Total PP & E, Net	-	-	-	7,126,577	24,611,339	-	920,000	23,575	32,681,491	31,912,927
Rental Assets, Net	-	-	-	-	4,850,552	-	-	-	4,850,552	5,030,410
Intangibles, Net	-	-	-	-	11,852,301	-	-	-	11,852,301	27,740,482
Total Non-Current Assets	-	-	-	-	16,702,853	-	-	-	16,702,853	64,683,819
TOTAL ASSETS	\$ 250,661	\$ 6,991,372	\$ -	\$ 21,987,631	\$ 105,422,113	\$ 968	\$ 920,000	\$ 23,575	\$ 135,596,320	\$ 228,483,854
LIABILITIES AND OWNER EQUITY LIABILITIES										
Current Liabilities										
Subject to Compromise:	-	-	-	-	35,177,683	-	-	-	35,177,683	43,809,518
Accounts Payable	-	-	-	-	20,125,184	-	-	-	20,125,184	11,005,114
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Subject to Compromise	-	-	-	-	55,302,867	-	-	-	55,302,867	54,814,632
Not Subject to Compromise:	-	-	-	-	5,525,602	-	-	-	5,525,602	-
Accounts Payable	-	-	-	-	20,574,199	-	40,089	-	20,614,288	10,336,247
Accrued and Other Current Liabilities	-	-	-	-	-	-	-	-	-	40,260,539
Note Payable	-	-	-	-	-	-	-	-	-	-
Intercompany	259,296	(111,359,042)	(10)	23,033,369	87,118,269	968	920,000	27,150	-	-
Other Non-Current Liabilities	-	-	-	-	789,477	-	-	-	789,477	359,775
Total Not Subject to Compromise	259,296	(111,359,042)	(10)	23,033,369	114,007,547	968	960,089	27,150	26,929,367	50,956,562
Total Liabilities	259,296	(111,359,042)	(10)	23,033,369	169,310,414	968	960,089	27,150	82,232,234	105,771,193
Equity										
Common Stock	-	-	10	-	-	-	-	-	10	10
Retained Earnings	(8,635)	118,350,414	-	(1,045,738)	(63,888,301)	-	(40,089)	(3,575)	53,364,076	122,712,651
Total Equity	(8,635)	118,350,414	10	(1,045,738)	(63,888,301)	-	(40,089)	(3,575)	53,364,086	122,712,661
TOTAL LIABILITIES AND EQUITY	\$ 250,661	\$ 6,991,372	\$ -	\$ 21,987,631	\$ 105,422,113	\$ 968	\$ 920,000	\$ 23,575	\$ 135,596,320	\$ 228,483,854

Note: See Notes to Monthly Operating Report.

(1) No activity recorded in National Diabetic Medical Supply, Inc. (13-10265) and Liberty Healthcare Pharmacy of Nevada (13-10269).

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

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	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the appropriate taxing authority.					
FICA-Employee						-
FICA-Employer						-
Unemployment						-
Income ⁽¹⁾	\$ (1,717,498)	\$ (79,095)	\$ -			\$ (1,796,593)
Other						-
Total Federal Taxes	\$ (1,717,498)	\$ (79,095)	\$ -			\$ (1,796,593)
State and Local						
Withholding	See Note Above					
Sales & Use	142,577	45,000	\$ 42,763			144,815
State Income Tax ⁽²⁾	(68)	347,572	\$ 326,974			20,530
Excise	-	-	-			-
Unemployment	-	-	-			-
Real & Personal Property	202,504	51,611	-			254,115
Other	135,025	11,058	-			146,083
Total State and Local	480,038	455,241	369,737			565,542
Total Taxes	\$ (1,237,460)	\$ 376,146	\$ 369,737			\$ (1,231,050)

(1) Amount accrued includes Federal portion of total Income Tax on MOR-1.

(2) Amount accrued includes \$326,974 in State Income Taxes paid out in June and \$20,589 in additional expense to be paid in July; these are offset by \$310,844 in expected tax refunds, resulting in \$36,728 in net State Income Tax expense.

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 ⁽¹⁾	\$ 5,035,547	\$ (5,597)	\$ (3,831)	\$ 499,483	\$ -	\$ 5,525,602
Wages Payable	3,035,901					3,035,901
Taxes Payable	(1,231,050)					(1,231,050)
Rent/Leases - Building	-					-
Rent/Leases - Equipment	-					-
Secured Debt/Adequate Protection Payments	-					-
Professional Fees	7,151,748					7,151,748
Amounts due to Insiders*	-					-
Other - Accruals	12,447,166					12,447,166
Total Postpetition Debts	\$ 26,439,312	\$ (5,597)	\$ (3,831)	\$ 499,483	\$ -	\$ 26,929,367

(1) Negative balances related to unused credit memos from certain inventory vendors.

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

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: June 30, 2014

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period	\$	34,619,598
+ Amounts billed during the period		29,297,041
- Amounts collected during the period		(19,363,336)
- Allowances, Reserves & Write-Offs		(9,394,092)
Net Accounts Receivable at the end of the reporting period	\$	35,159,212
Accounts Receivable Aging (Gross)		
0 - 30 days old	\$	24,321,275
31 -60 days old		9,274,973
61 - 90 days old		6,009,506
91+ days old		54,452,602
Total Accounts Receivable (Gross)		94,138,236
- Unapplied Cash		(5,288,061)
- Bad Debt Reserve		(21,325,193)
- Sales Return Reserve		(2,483,112)
- Sequester Reserve		(775,496)
- Contractual Allowances		(29,107,162)
+ Other AR Activity		-
Accounts Receivable (Net)	\$	35,159,212

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.	(2)	

(1) During the month ended June 30, 2014, \$1,161,464 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).

(2) On September 20, 2013, Wells Fargo 4127055259 was opened to hold segregated funds related to the pending settlement with Medco. The account remains unused since opening.