

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: October 31, 2013

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)	
Balance Sheet	MOR-3	X	Note (3, 4)	
Status of Post-petition Taxes	MOR-4	X	Note (4)	
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

Arlene Rodriguez

Signature of Authorized Individual*

Date

Arlene Rodriguez

Printed Name of Authorized Individual

COO

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: October 31, 2013

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 below.

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.

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 (including those described below in Note (4).)

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.

Note (4): All related tax implications are not currently reflected in the October 31, 2013 financials herein. The financial impact of potential tax and other adjustments on the accompanying Unaudited Consolidated Financial Statements cannot be determined at this time.

In re: ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: October 31, 2013

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	US Bank Receipt	ACTUAL	ACTUAL			
CASH BEGINNING OF PERIOD	\$52,350,047	\$ -	\$1,053,309	\$ -	\$ -	\$ -	\$ 500	\$ 1,500	\$1,240,000	\$73,516	\$ 54,718,872	\$ 38,966,327	\$ -	\$ 300,000	\$ 7,925,396
RECEIPTS															
Cash Receipts	\$ -	\$ 23,328,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,745	\$ 23,582,097	\$ 246,023,999	\$ -	\$ -	\$ -
Net Transfers (To) / From Accounts	23,589,364	(23,328,352)	(11,840,997)	(697,121)	12,282,420	160,699	-	-	95,000	(261,012)	0	(0)	-	-	-
Interbank Funding	(28,000,000)	-	28,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Funding to Professional Fee Reserve	-	-	(1,920,554)	-	-	-	-	-	-	-	(1,920,554)	(17,419,967)	-	-	1,920,554
Cash Rebates	488,718	-	-	697,121	-	-	-	-	-	-	1,185,839	9,652,847	-	-	-
Other	-	-	99,276	-	-	-	-	-	-	-	99,276	24,165,043	-	-	-
Total Receipts	\$ (3,921,918)	\$ -	\$ 14,337,725	\$ -	\$ 12,282,420	\$ 160,699	\$ -	\$ -	\$ 95,000	\$ (7,267)	\$ 22,946,659	\$ 262,421,921	\$ -	\$ -	\$ 1,920,554
DISBURSEMENTS															
Product Supply	\$ -	\$ -	\$ 10,022,888	\$ -	\$ 9,224,424	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,247,312	\$ 160,547,544	\$ -	\$ -	\$ -
Labor	-	-	3,651,185	-	1,360,332	-	-	-	-	-	5,011,517	43,164,728	-	-	-
Shipping/Freight/Postage	-	-	37,636	-	578,936	-	-	-	-	-	616,572	5,276,125	-	-	-
Marketing & Advertising	-	-	-	-	-	-	-	-	-	-	-	163,433	-	-	-
Patient Refunds	-	-	-	-	-	160,699	-	-	-	-	160,699	2,759,211	-	-	-
Telephone & Utilities	-	-	-	-	255,671	-	-	-	-	-	255,671	2,460,255	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	1,179,287	-	-	-
Ordinary Course Professionals	-	-	-	-	15,054	-	-	-	-	-	15,054	357,790	-	-	-
SG&A & Other	32,879	-	108,305	-	794,241	-	-	-	-	7,141	942,566	7,671,053	-	-	-
Capital Expenditures	-	-	-	-	5,863	-	-	-	-	-	5,863	1,564,299	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	23,405,479	-	-	-
Retained Professionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,134,548
Interim Management	-	-	73,040	-	-	-	-	-	-	-	73,040	486,328	-	-	-
US Trustee Fees	-	-	-	-	46,900	-	-	-	-	-	46,900	139,400	-	-	-
Critical Vendor Payments/ 503(b)(9) claims	-	-	-	-	1,000	-	-	-	-	-	1,000	860,435	-	-	-
Adequate Protection Payments - Utilities	-	-	-	-	-	-	-	-	-	-	-	362,500	-	-	-
Reversals ⁽³⁾	-	-	(258,076)	-	-	-	-	-	-	-	(258,076)	(557,035)	-	-	-
Total Disbursements	\$ 32,879	\$ -	\$ 13,634,978	\$ -	\$ 12,282,420	\$ 160,699	\$ -	\$ -	\$ 7,141	\$ 26,118,115	\$ 249,840,833	\$ -	\$ -	\$ 2,134,548	
Net Cash Flow	\$ (3,954,797)	\$ -	\$ 702,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,000	\$ (14,408)	\$ (3,171,457)	\$ 12,581,088	\$ -	\$ -	\$ (213,994)
Cash - End Of Period⁽⁴⁾	\$ 48,395,250	\$ -	\$ 1,756,057	\$ -	\$ -	\$ -	\$ 500	\$ 1,500	\$ 1,335,000	\$ 59,108	\$ 51,547,415	\$ 51,547,415	\$ 300,000	\$ 7,711,402	

DISBURSEMENTS BY LEGAL ENTITY ⁽⁵⁾		CURRENT PERIOD	DISBURSEMENTS FEB 15 - OCT 31
TOTAL DISBURSEMENTS PER LEGAL ENTITY	ACC. NUMBER		
ATLS Acquisition, LLC	111-13-10262	-	\$ 1,179,287
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	69,369	583,564
Liberty Medical Supply, Inc.	111-13-10268	27,969,300	265,497,949
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⁽⁶⁾		28,038,669	\$ 267,260,801

(1) Includes 10 receipt accounts sweeping collections to BofA Master Operating on a daily basis.
 (2) Rebate collections account sweeps funds to Wells Fargo Master Operating on a daily basis.
 (3) Reflects reversal of \$258,076 in operating disbursements and refunds in April, May and June.
 (4) Balance does not include United Healthcare Administered Plan Account (\$478,906) balance.
 (5) The Debtors are in the process of establishing their accounting and financial reporting system for each of the legal entities. Upon completion there may be differences in the allocations of disbursements/expenditures by legal entity; if that should occur the Debtors will revise the attached statement and submit any incremental fees that may be owing.
 (6) 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: October 31, 2013

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	US Bank Receipt	ACTUAL	Utilities Reserve ⁽¹⁾	Professional Fee Reserve ⁽²⁾
Balance Per Bank	48,395,250	2,546,672	-	-	-	500	1,500	1,335,000	59,108	52,338,031	\$ 300,000	\$ 7,711,402
Deposits in Transit	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Checks and Charges	-	(790,615)	-	-	-	-	-	-	-	(790,615)	-	-
Other (List)	-	-	-	-	-	-	-	-	-	-	-	-
Balance per Books	48,395,250	1,756,057	-	-	-	500	1,500	1,335,000	59,108	51,547,415	300,000	7,711,402
Plus: Utilities Reserve												300,000
Plus: UHC Administered Plan Account												478,906
Less: Unreconciled Difference										(699)		-
Total Cash	-	-	-	-	-	-	-	-	-	51,546,716	-	-
Total Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	8,490,309

(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: October 31, 2013

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	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	\$ 214,943.60	\$ 731.29	\$ 615,899.40	\$ 11,674.84
Epiq Systems	8/1/13 - 8/31/13	100%	Liberty Medical Supply, Inc.	10,047.79	-	-	-
Epiq Systems	9/1/13 - 9/30/13	100%	Liberty Medical Supply, Inc.	4,508.00	-	165,390.00	-
Ernst & Young LLP	5/1/13 - 5/31/13	80%	Liberty Medical Supply, Inc.	355,088.00	25,488.07	1,772,621.50	108,110.84
Grant Thornton LLP	5/1/13 - 5/31/13	80%	Liberty Medical Supply, Inc.	14,475.36	-	-	-
Grant Thornton LLP	6/1/13 - 6/30/13	80%	Liberty Medical Supply, Inc.	31,779.28	-	-	-
Grant Thornton LLP	7/1/13 - 7/31/13	80%	Liberty Medical Supply, Inc.	79,635.76	-	-	-
Grant Thornton LLP ⁽¹⁾	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	303,195.80	4,876.16	429,086.20	4,876.16
Greenberg Traurig LLP	5/1/13 - 7/31/13	20%	Liberty Medical Supply, Inc.	263,354.70	-	-	-
Greenberg Traurig LLP	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	518,167.42	19,241.56	4,535,667.74	156,819.80
Lowenstein Sandler LLP	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	69,991.60	1,449.18	741,568.95	13,410.60
Mesirow Financial Consulting LLC	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	60,769.49	139.93	533,464.59	13,410.24
Stevens & Lee, P.C.	8/1/13 - 8/31/13	80%	Liberty Medical Supply, Inc.	21,796.00	471.90	135,955.90	2,714.76
Williams & Connolly LLP	6/1/13 - 6/30/13	80%	Liberty Medical Supply, Inc.	20,681.88	3,269.34	-	-
Williams & Connolly LLP	7/1/13 - 7/31/13	80%	Liberty Medical Supply, Inc.	29,583.38	64,163.02	-	-
Williams & Connolly LLP	5/1/13 - 7/31/13	20%	Liberty Medical Supply, Inc.	16,699.38	-	375,820.17	198,483.01
Total (Excluding Duplicates)				\$ 2,014,717.43	\$ 119,830.45	\$ 9,305,474.45	\$ 509,500.25

(1) In addition to the amounts paid, approximately \$56,571 in fees were applied against pre-petition retainers.

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: October 31, 2013

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 SEPTEMBER 30, 2013	ATLS ACQUISITION, LLC	LIBERTY HEALTHCARE GROUP, INC.	LIBERTY MEDICAL SUPPLY, INC.	LIBERTY LANE DEVELOPMENT COMPANY, INC.	LIBERTY LANE CONDOMINIUM ASSOCIATION, INC.	CONSOLIDATED TOTAL ⁽¹⁾	CUMULATIVE FILING TO DATE
	13-10262	13-10267	13-10268	13-10266	13-10270		
GROSS SALES							
Gross Sales	-	-	\$37,511,789	-	-	\$37,511,789	\$334,496,312
Provision for Contractual Allowance	-	-	(10,013,760)	-	-	(10,013,760)	(78,878,724)
Provision for Sequester Allowance	-	-	(62,730)	-	-	(62,730)	(635,535)
Provision for Sales Returns	-	-	(292,617)	-	-	(292,617)	(2,906,022)
Net Revenues	-	-	27,142,682	-	-	27,142,682	252,076,032
COST OF GOODS SOLD							
Direct Cost of Goods Sold:							
Cost of Products	-	-	20,141,354	-	-	20,141,354	175,005,263
Rebates	-	-	(1,248,462)	-	-	(1,248,462)	(13,885,757)
Total Direct Cost of Goods Sold	-	-	18,892,892	-	-	18,892,892	161,119,506
Product Margin	-	-	8,249,790	-	-	8,249,790	90,956,526
Cost of Freight	-	-	899,419	-	-	899,419	7,028,371
Bad Debt Expense	-	-	1,107,374	-	-	1,107,374	18,579,786
Total Cost of Goods Sold	-	-	20,899,685	-	-	20,899,685	186,727,662
Gross Margin	-	-	6,242,997	-	-	6,242,997	65,348,370
OPERATING EXPENSE							
Gross Wage Expense	-	-	2,476,564	-	-	2,476,564	24,256,692
Benefits Expense	-	-	528,094	-	-	528,094	6,289,064
Payroll Tax Expense	-	-	171,057	-	-	171,057	2,030,564
Overtime Expense	-	-	67,067	-	-	67,067	716,091
Capitalized IT Wages	-	-	(213,069)	-	-	(213,069)	(654,833)
Temporary Labor Expense	-	-	469,261	-	-	469,261	3,719,726
Payroll Processing Fees	-	-	7,540	-	-	7,540	103,618
Insurance Expense	92,535	-	-	-	-	92,535	792,939
Recruiting Expense	-	-	9,598	-	-	9,598	49,903
Travel and Entertainment Expense	-	-	37,965	-	-	37,965	442,304
Telephone Expense	-	-	216,014	-	-	216,014	2,482,009
Cellular Phone Expense	-	-	9,049	-	-	9,049	80,219
Utilities Expense	-	-	60,756	-	-	60,756	496,866
Rent Expense	-	-	35,306	-	-	35,306	316,920
Equipment Lease	-	-	79,672	-	-	79,672	912,673
Computer Hardware & Software Maint.	-	-	109,844	-	-	109,844	856,054
Facilities Repairs & Maintenance	-	-	3,307	-	-	3,307	376,937
Shipping Supplies	-	-	31,030	-	-	31,030	348,295
Office Supplies	-	-	9,710	-	-	9,710	92,884
Office Services	-	-	14,567	-	-	14,567	56,308
Printing Expense	-	-	4,846	-	-	4,846	147,462
Computer Supplies	-	-	8,870	-	-	8,870	151,789
Postage Expense	-	-	82,361	-	-	82,361	600,025
Consulting Expense	-	-	16,311	-	-	16,311	87,853
Legal Fees	-	-	10,000	-	-	10,000	(243,404)
Audit & Tax Consulting Fees	-	-	61,979	-	-	61,979	337,920
Professional Fees	-	-	233,097	-	-	233,097	2,347,378
Outsourcing Expense - Domestic	-	-	(6,740)	-	-	(6,740)	826,902
Outsourcing Expense - Offshore	-	-	695,241	-	-	695,241	4,313,244
Outsourcing Expense - IT	-	-	18,336	-	-	18,336	64,258
Other Prof. Licensing Fee	-	-	38,842	-	-	38,842	292,037
Outside Claim Verification	-	-	21,105	-	-	21,105	321,773
Advertising Expense	-	-	21,881	-	-	21,881	412,664
Janitorial Services	-	-	22,955	-	-	22,955	212,318
Security Services	-	-	3,920	-	-	3,920	176,052
Taxes - Sales/Value Added/Use	-	-	110,000	-	-	110,000	1,319,720
Taxes - Real Estate	-	-	37,571	3,341	-	40,912	352,720
Taxes - State	-	-	-	-	-	-	250
Taxes - Personal Property	-	-	25,419	-	-	25,419	122,885
Taxes - Other	-	-	7,336	-	-	7,336	73,357
Bank Charges	-	33,000	869	-	-	33,869	523,710
Other Expenses	-	-	(149)	-	-	(149)	4,749
Dues & Subscriptions	-	-	2,383	-	-	2,383	21,289
Other (Income)/Expenses	-	-	(23,497)	-	-	(23,497)	(287,187)
Total Operating Expense	92,535	33,000	5,516,268	3,341	-	5,645,144	55,944,990
EBITDA	(92,535)	(33,000)	726,729	(3,341)	-	597,853	9,403,380
Depreciation Expense	-	24,234	308,845	-	193	333,272	2,361,975
Amortization Expense	-	-	223,005	-	-	223,005	9,875,193
Interest (Income)/Expenses	699	-	10,041	-	-	10,740	563,734.00
Operating Income/(Loss)	(93,234)	(57,234)	184,838	(3,341)	(193)	30,836	(3,397,523)
REORGANIZATION ITEMS							
Bargain Purchase Gain/(loss)	-	-	-	-	-	-	(272,739)
Gain/(Loss) on Settlement of Debt	-	-	-	-	-	-	3,636,517
Bankruptcy Professional Fees	-	-	1,685,587	-	-	1,685,587	11,813,507
Restructuring - Litigation Fees	-	-	(227,779)	-	-	(227,779)	4,306,056
Restructuring	-	-	-	-	-	-	2,255,453
Post Acquisition Non-Recurring Exp.	-	-	209,855	-	-	209,855	2,892,873
Inventory Obso. Write Off	-	-	-	-	-	-	4,666,956
Bankruptcy Travel	-	-	6,266	-	-	6,266	6,266
Severance	-	-	-	-	-	-	973,258
Net Income/(Loss)	\$ (93,234)	\$ (57,234)	\$ (1,489,091)	\$ (3,341)	\$ (193)	\$ (1,643,093)	\$ (26,948,114)

(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: October 31, 2013

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 SEPTEMBER 31, 2013	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	\$ -	\$ 277	\$ -	\$ 51,929,817	\$ (384,346)	\$ 968	\$ -	\$ -	\$ 51,546,716	\$ 39,378,858
Restricted Cash	-	-	-	-	8,490,309	-	-	-	8,490,309	-
Marketable Securities	-	-	-	-	-	-	-	-	-	48,323
Total Cash and Cash Equivalent	-	277	-	51,929,817	8,105,963	968	-	-	60,037,025	39,427,181
Trade A/R	-	-	-	-	128,459,099	-	-	-	128,459,099	272,615,549
Unposted Cash	-	-	-	-	(20,514,792)	-	-	-	(20,514,792)	(30,777,438)
Contractual Allowance	-	-	-	-	(32,570,772)	-	-	-	(32,570,772)	(48,660,933)
Allowance For Doubtful Accounts	-	-	-	-	(32,678,619)	-	-	-	(32,678,619)	(133,185,869)
Sequester Allowance	-	-	-	-	(635,535)	-	-	-	(635,535)	-
Other Reserves	-	-	-	-	(1,665,750)	-	-	-	(1,665,750)	(1,166,390)
AR, Net	-	-	-	-	40,393,631	-	-	-	40,393,631	58,824,919
Manufacture Rebates and Other A/R	-	-	-	-	5,332,355	-	-	-	5,332,355	13,700,944
Inventory:	-	-	-	-	-	-	-	-	-	-
Inventory, Gross	-	-	-	-	19,146,675	-	-	-	19,146,675	25,069,520
Reserve for Obsolescence	-	-	-	-	(5,644,698)	-	-	-	(5,644,698)	(1,405,000)
Inventory Pump to be Refurb	-	-	-	-	278,047	-	-	-	278,047	-
Inventory, Net	-	-	-	-	13,780,024	-	-	-	13,780,024	23,664,520
Prepaid and Other Current Assets	136,588	10	-	485,561	4,291,897	-	-	-	4,914,056	18,874,944
Note Receivable	-	-	-	-	-	-	-	-	-	9,307,526
Total Current Assets	136,588	287	-	52,415,378	71,903,870	968	-	-	124,457,091	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	-	-	-	-	2,617,596	-	-	-	2,617,596	2,600,000
M&E	-	-	-	-	1,075,261	-	-	-	1,075,261	1,037,325
Auto	-	-	-	-	70,042	-	-	-	70,042	70,042
Computer Hardware & Software	-	-	-	-	8,075,327	-	-	-	8,075,327	5,021,912
FF&E	-	-	-	-	1,587,535	-	-	27,150	1,614,685	1,620,465
CIP	-	-	-	-	790,911	-	-	-	790,911	403,549
Less: Accumulated Depreciation	-	-	-	(260,882)	(2,645,233)	-	-	(2,067)	(2,908,172)	(550,466)
Total PP & E, Net	-	-	-	7,319,118	24,786,475	-	920,000	25,083	33,050,676	31,912,927
Rental Assets, Net	-	-	-	-	4,109,335	-	-	-	4,109,335	5,030,410
Intangibles, Net	-	-	-	-	13,636,338	-	-	-	13,636,338	27,740,482
Total Non-Current Assets	-	-	-	7,319,118	42,532,148	-	920,000	25,083	50,796,349	64,683,819
TOTAL ASSETS	\$ 136,588	\$ 287	\$ -	\$ 59,734,496	\$ 114,436,018	\$ 968	\$ 920,000	\$ 25,083	\$ 175,253,440	\$ 228,483,854
LIABILITIES AND OWNER EQUITY LIABILITIES										
Current Liabilities										
Subject to Compromise:										
Accounts Payable	-	-	-	-	36,188,156	-	-	-	36,188,156	43,809,518
Accrued and Other Current Liabilities	-	-	-	-	11,212,193	-	-	-	11,212,193	11,005,114
Total Subject to Compromise	-	-	-	-	47,400,349	-	-	-	47,400,349	54,814,632
Not Subject to Compromise:										
Accounts Payable	-	-	-	-	5,623,885	-	-	-	5,623,885	-
Accrued and Other Current Liabilities	-	-	-	-	25,578,810	-	33,408	-	25,612,218	10,336,247
Note Payable	-	-	-	-	-	-	-	-	-	40,260,539
Intercompany	1,174,694	(125,551,394)	(10)	60,283,638	63,144,954	968	920,000	27,150	-	-
Other Non-Current Liabilities	-	-	-	-	852,437	-	-	-	852,437	359,775
Total Not Subject to Compromise	1,174,694	(125,551,394)	(10)	60,283,638	95,200,086	968	953,408	27,150	32,088,540	50,956,562
Total Liabilities	1,174,694	(125,551,394)	(10)	60,283,638	142,600,434	968	953,408	27,150	79,488,889	105,771,193
Equity										
Common Stock	-	-	10	-	-	-	-	-	10	10
Retained Earnings	(1,038,106)	125,551,681	-	(549,142)	(28,164,416)	-	(33,408)	(2,067)	95,764,542	122,712,651
Total Equity	(1,038,106)	125,551,681	10	(549,142)	(28,164,416)	-	(33,408)	(2,067)	95,764,552	122,712,661
TOTAL LIABILITIES AND EQUITY	\$ 136,588	\$ 287	\$ -	\$ 59,734,496	\$ 114,436,018	\$ 968	\$ 920,000	\$ 25,083	\$ 175,253,440	\$ 228,483,854

(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: October 31, 2013

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⁾	\$ -	\$ -	\$ -			\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
State and Local						
Withholding	See Note Below					
Sales & Use	\$ 1,209,720	\$ 110,000				1,319,720
Excise						-
Unemployment						-
Real & Personal Property	409,274	66,331				475,605
Other	66,271	7,336				73,607
Total State and Local	1,685,265	183,667				1,868,932
Total Taxes	\$ 1,685,265	\$ 183,667				\$ 1,868,932

(1) The Debtors are currently working with their tax advisors to determine the income tax owing as of their November 30 tax year end and for the year end 2014.

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⁾	\$ 4,821,700	\$ 45,516	\$ (57,105)	\$ 143,272	\$ 670,502	\$ 5,623,885
Wages Payable	3,259,822					3,259,822
Taxes Payable ⁽²⁾	1,868,932					1,868,932
Rent/Leases - Building						
Rent/Leases - Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees	9,274,853					9,274,853
Amounts due to Insiders*						
Other - Accruals	12,061,048					12,061,048
Total Postpetition Debts	\$ 31,286,355	\$ 45,516	\$ (57,105)	\$ 143,272	\$ 670,502	\$ 32,088,540

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

(2) Taxes payable balance is exclusive of income tax owing.

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

In re : ATLS Acquisition, LLC
(Jointly Administered)

Case No. 13-10262
Reporting Period: October 31, 2013

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period	\$	37,118,579
+ Amounts billed during the period		37,772,401
- Amounts collected during the period		(23,617,905)
- Allowances, Reserves & Write-Offs		(10,879,443)
Net Accounts Receivable at the end of the reporting period	\$	40,393,631
Accounts Receivable Aging (Gross)		
0 - 30 days old	\$	29,036,463
31 -60 days old		11,736,878
61 - 90 days old		7,205,969
91+ days old		80,479,789
Total Accounts Receivable (Gross)		128,459,099
- Unapplied Cash		(20,514,792)
- Bad Debt Reserve		(32,678,619)
- Sales Return Reserve		(1,665,750)
- Sequester Reserve		(635,535)
- Contractual Allowances		(32,570,772)
+ Other AR Activity		-
Accounts Receivable (Net)	\$	40,393,631

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.	(2)	
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 October 31, 2013, \$2,134,548 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 November 29, 2013 the Debtors' filed a motion (the "Sales Tax Motion") to implement procedures to determine prepetition and postpetition sales tax liabilities of the Debtor, Liberty Medical Supply ("Liberty"). On December 18, 2013, the Court entered an order (the "Order") approving the Sales Tax Motion. Sales tax claims against the Debtors are pending and will be resolved pursuant to the process outlined in the Order.