

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ATLS Acquisition, LLC  
(Jointly Administered)

Case No. 13-10262  
Reporting Period: March 31, 2014

MONTHLY OPERATING REPORT

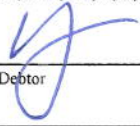
File with Court and submit copy to United States Trustee within 30 days after end of month

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, 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.

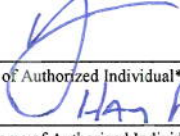
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Signature of Debtor

May 1, 2014  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature of Authorized Individual\*

May 1, 2014  
\_\_\_\_\_  
Date

Harold R. S. F. L.  
\_\_\_\_\_  
Printed Name of Authorized Individual

CFO  
\_\_\_\_\_  
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 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.

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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	BANK ACCOUNTS <sup>(1)</sup>											CURRENT PERIOD	CUMULATIVE FILING TO DATE	Utilities Reserve	Professional Fee Reserve
	BofA Master Operating	BofA Receipt (10 Accounts) <sup>(1)</sup>	Wells Fargo Master Operating	Wells Fargo Rebate <sup>(2)</sup>	Wells Fargo Checking	Wells Fargo Refund (3 Accounts)	Wells Fargo FGST	Wells Fargo Marketplace	Wells Fargo S&U	US Bank Receipt	ACTUAL	ACTUAL			
<b>CASH BEGINNING OF PERIOD</b>	\$21,188,140	\$ -	\$(1,074,537)	\$ -	\$ -	\$ -	\$ 100,500	\$ 1,500	\$684,926	\$65,210	\$ 20,965,739	\$ 38,966,327	\$ -	\$ 300,000	\$ 8,360,040
<b>RECEIPTS</b>															
Cash Receipts	\$ -	\$ 18,163,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,049	\$ 18,411,720	\$ 356,240,605	\$ -	\$ -	\$ -
Net Transfers (To) / From Accounts	18,393,684	(18,163,671)	(12,369,221)	(425)	12,261,645	108,001	-	-	-	(230,012)	-	0	(0)	-	-
Interbank Funding	(29,957,766)	-	29,957,766	-	-	-	-	-	-	-	-	-	-	-	-
Funding to Professional Fee Reserve	-	-	(583,250)	-	-	-	-	-	-	-	(583,250)	(23,051,838)	-	-	583,250
Cash Rebates	-	-	-	425	-	-	-	-	-	-	425	12,160,893	-	-	-
Other	-	-	94,847	-	-	-	-	-	-	-	94,847	24,552,326	-	-	-
<b>Total Receipts</b>	<b>\$ (11,564,083)</b>	<b>\$ -</b>	<b>\$ 17,100,142</b>	<b>\$ -</b>	<b>\$ 12,261,645</b>	<b>\$ 108,001</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,036</b>	<b>\$ 17,923,741</b>	<b>\$ 369,901,986</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 583,250</b>
<b>DISBURSEMENTS</b>															
Product Supply	\$ -	\$ -	\$ 8,164,622	\$ -	\$ 6,424,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,589,442	\$ 245,289,633	\$ -	\$ -	\$ -
Labor	-	-	2,362,194	-	1,061,742	-	-	-	-	-	3,423,936	61,216,934	-	-	-
Shipping/Freight/Postage	-	-	31,385	-	369,416	-	-	-	-	-	400,802	7,633,209	-	-	-
Marketing & Advertising	-	-	-	-	74,550	-	-	-	-	-	74,550	283,083	-	-	-
Patient Refunds	-	-	-	-	-	108,001	-	-	-	-	108,001	3,546,794	-	-	-
Telephone & Utilities	-	-	-	-	198,458	-	-	-	-	-	198,458	3,447,927	-	-	-
Insurance	-	-	5,550	-	137,054	-	-	-	-	-	142,603	1,844,231	-	-	-
Ordinary Course Professionals	-	-	-	-	177,476	-	-	-	-	-	177,476	1,180,277	-	-	-
SG&A & Other	84,457	-	92,749	-	748,746	-	532	-	6,630	-	933,114	12,646,364	-	-	-
Capital Expenditures	-	-	-	-	35,335	-	-	-	-	-	35,335	2,316,647	-	-	-
Taxes	-	-	-	-	3,031,112	-	35	-	7,771	-	3,038,918	28,684,927	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	23,405,479	-	-	-
Retained Professionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	606,333
Interim Management	-	-	78,254	-	-	-	-	-	-	-	78,254	826,545	-	-	-
US Trustee Fees	-	-	-	-	-	-	-	-	-	-	-	15,000	-	-	-
Other Restructuring Expenses	-	-	28,402	-	-	-	-	-	-	-	28,402	210,477	-	-	-
Critical Vendor Payments/ 503(b)(9) claims	-	-	-	-	2,938	-	-	-	-	-	2,938	863,373	-	-	-
Adequate Protection Payments - Utilities	-	-	-	-	-	-	-	-	-	-	-	362,500	-	-	-
Reversals	-	-	(700)	-	-	-	(124)	-	-	-	(824)	(563,165)	-	-	-
<b>Total Disbursements</b>	<b>\$ 84,457</b>	<b>\$ -</b>	<b>\$ 10,762,456</b>	<b>\$ -</b>	<b>\$ 12,261,645</b>	<b>\$ 108,001</b>	<b>\$ (89)</b>	<b>\$ 532</b>	<b>\$ 7,771</b>	<b>\$ 6,630</b>	<b>\$ 23,231,403</b>	<b>\$ 393,210,236</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 606,333</b>
Net Cash Flow	\$(11,648,540)	\$ -	\$ 6,337,686	\$ -	\$ -	\$ -	\$ 89	\$ (532)	\$ (7,771)	\$ 11,407	\$ (5,307,662)	\$ (23,308,250)	\$ -	\$ -	\$ (23,082)
<b>Cash - End Of Period<sup>(3)</sup></b>	<b>\$ 9,539,600</b>	<b>\$ -</b>	<b>\$ 5,263,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,589</b>	<b>\$ 968</b>	<b>\$ 677,155</b>	<b>\$ 76,616</b>	<b>\$ 15,658,077</b>	<b>\$ 15,658,077</b>	<b>\$ 300,000</b>	<b>\$ 8,336,958</b>	

DISBURSEMENTS BY LEGAL ENTITY		CURRENT PERIOD	DISBURSEMENTS FEB 15 - MAR 31
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	100,751	750,884
Liberty Medical Supply, Inc.	111-13-10268	23,713,903	415,511,190
Liberty Healthcare Pharmacy of Nevada	111-13-10269	-	-
Liberty Lane Condominium Association, Inc.	111-13-10270	-	-
Liberty Marketplace, Inc.	111-13-10271	-	-
<b>TOTAL DISBURSEMENTS BY LEGAL ENTITY<sup>(4)</sup></b>		<b>23,814,653</b>	<b>\$ 416,262,074</b>

(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 (\$420,795) balance.  
 (4) 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											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 <sup>(1)</sup>	Professional Fee Reserve <sup>(2)</sup>
Balance Per Bank	\$ 9,539,600	\$ 8,639,450	\$ -	\$ -	\$ -	\$ 100,589	\$ 968	\$ 677,155	\$ 76,616	\$ 19,034,378	\$ 300,000	\$ 8,336,958
Deposits in Transit	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Checks and Charges	-	(3,376,301)	-	-	-	-	-	-	-	(3,376,301)	-	-
Other (List)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance per Books</b>	<b>9,539,600</b>	<b>5,263,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,589</b>	<b>968</b>	<b>677,155</b>	<b>76,616</b>	<b>15,658,077</b>	<b>300,000</b>	<b>8,336,958</b>
Plus: Utilities Reserve											-	300,000
Plus: UHC Administered Plan Account											-	445,455
Less: Unreconciled Difference										(149)		-
<b>Total Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 15,657,929</b>	<b>-</b>	<b>-</b>
<b>Total Restricted Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 9,082,413</b>	<b>-</b>

(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.

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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				\$ -	\$ -	\$ 843,287.60	\$ 29,758.26
Epiq Systems - Administrative Advisor				-	-	1,716.00	-
Epiq Systems - Claims Agent	1/1/14 - 1/31/14	100%	Liberty Medical Supply, Inc.	11,020.02	-	172,808.18	-
Ernst & Young				-	-	2,587,040.00	146,354.93
Ernst & Young Capital Advisors				-	-	-	-
Grant Thornton LLP				-	-	1,334,125.21	30,658.77
Greenberg Traurig LLP	8/1/13 - 10/31/13	20%	Liberty Medical Supply, Inc.	262,269.05	-	-	-
Greenberg Traurig LLP	1/1/14 - 1/31/14	80%	Liberty Medical Supply, Inc.	180,362.00	2,681.45	4,829,537.60	170,230.60
Lowenstein Sandler LLP				-	-	768,776.50	19,176.19
Mesirow Financial Consulting LLC				-	-	1,074,043.34	18,835.08
Stevens & Lee, P.C.				-	-	206,884.60	3,422.74
Raymond James	2/1/14 - 2/28/14	100%	Liberty Medical Supply, Inc.	75,000.00	-	-	-
Raymond James	3/1/14 - 3/31/14	100%	Liberty Medical Supply, Inc.	75,000.00	-	150,000.00	-
Williams & Connolly LLP				-	-	1,078,365.78	268,609.90
<b>Total (Excluding Duplicates)</b>				<b>\$ 603,651.07</b>	<b>\$ 2,681.45</b>	<b>\$ 13,046,584.80</b>	<b>\$ 687,046.47</b>

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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	ATLS ACQUISITION, LLC	LIBERTY HEALTHCARE GROUP, INC.	LIBERTY MEDICAL SUPPLY, INC.	LIBERTY LANE DEVELOPMENT COMPANY, INC.	LIBERTY LANE CONDOMINIUM ASSOCIATION, INC.	CONSOLIDATED TOTAL <sup>(1)</sup>	CUMULATIVE FILING TO DATE <sup>(2)</sup>
MARCH 31, 2014	13-10262	13-10267	13-10268	13-10266	13-10270		
<b>GROSS SALES</b>							
Gross Sales	-	-	\$29,298,751	-	-	\$29,298,751	\$491,378,020
Provision for Contractual Allowance	-	-	(8,319,621)	-	-	(8,319,621)	(123,844,238)
Provision for Sequester Allowance	-	-	(60,759)	-	-	(60,759)	(954,981)
Provision for Sales Returns	-	-	(228,500)	-	-	(228,500)	(4,126,422)
<b>Net Revenues</b>	-	-	<b>20,689,871</b>	-	-	<b>20,689,871</b>	<b>362,452,380</b>
<b>COST OF GOODS SOLD</b>							
<b>Direct Cost of Goods Sold:</b>							
Cost of Products	-	-	15,112,765	-	-	15,112,765	258,169,843
Rebates	-	-	(978,424)	-	-	(978,424)	(19,458,789)
<b>Total Direct Cost of Goods Sold</b>	-	-	<b>14,134,341</b>	-	-	<b>14,134,341</b>	<b>238,711,054</b>
<b>Product Margin</b>	-	-	<b>6,555,530</b>	-	-	<b>6,555,530</b>	<b>123,741,326</b>
Cost of Freight	-	-	511,216	-	-	511,216	10,057,590
Bad Debt Expense	-	-	874,934	-	-	874,934	31,945,046
<b>Total Cost of Goods Sold</b>	-	-	<b>15,520,491</b>	-	-	<b>15,520,491</b>	<b>280,713,689</b>
<b>Gross Margin</b>	-	-	<b>5,169,380</b>	-	-	<b>5,169,380</b>	<b>81,738,691</b>
<b>OPERATING EXPENSE</b>							
Gross Wage Expense	-	-	2,050,147	-	-	2,050,147	35,035,421
Benefits Expense	-	-	(363,075)	-	-	(363,075)	7,916,781
Payroll Tax Expense	-	-	187,176	-	-	187,176	3,029,826
Overtime Expense	-	-	68,220	-	-	68,220	1,041,196
Capitalized IT Wages	-	-	(160,932)	-	-	(160,932)	(1,341,753)
Temporary Labor Expense	-	-	241,533	-	-	241,533	5,035,673
Payroll Processing Fees	-	-	9,974	-	-	9,974	145,181
Insurance Expense	-	-	91,200	-	-	91,200	1,204,854
Recruiting Expense	-	-	67	-	-	67	50,104
Travel and Entertainment Expense	-	-	42,044	-	-	42,044	597,806
Telephone Expense	-	-	189,358	-	-	189,358	3,332,150
Cellular Phone Expense	-	-	5,934	-	-	5,934	124,473
Utilities Expense	-	-	53,079	-	-	53,079	771,177
Rent Expense	-	-	45,216	-	-	45,216	546,953
Equipment Lease	-	-	72,007	-	-	72,007	1,283,316
Computer Hardware & Software Maint.	-	-	162,631	-	-	162,631	1,550,853
Facilities Repairs & Maintenance	-	-	39,115	-	-	39,115	510,057
Shipping Supplies	-	-	19,429	-	-	19,429	458,638
Office Supplies	-	-	9,283	-	-	9,283	125,727
Office Services	-	-	18,962	-	-	18,962	132,911
Printing Expense	-	-	24,956	-	-	24,956	215,508
Computer Supplies	-	-	3,011	-	-	3,011	165,957
Postage Expense	-	-	74,875	-	-	74,875	909,985
Consulting Expense	-	-	7,722	-	-	7,722	132,188
Legal Fees	-	-	6,262	-	-	6,262	(255,641)
Audit & Tax Consulting Fees	-	-	76,110	-	-	76,110	545,626
Professional Fees	-	-	170,430	-	-	170,430	3,287,392
Outsourcing Expense - Domestic	-	-	30,545	-	-	30,545	975,925
Outsourcing Expense - Offshore	-	-	740,216	-	-	740,216	7,975,244
Outsourcing Expense - IT	-	-	21,828	-	-	21,828	185,858
Other Prof. Licensing Fee	-	-	26,353	-	-	26,353	455,473
Outside Claim Verification	-	-	6,612	-	-	6,612	434,198
Advertising Expense	-	-	41,375	-	-	41,375	588,064
Janitorial Services	-	-	18,657	-	-	18,657	322,428
Security Services	-	-	24,314	-	-	24,314	235,197
Taxes - Sales/Value Added/Use	-	-	84,844	-	-	84,844	1,746,564
Taxes - Real Estate	-	-	41,533	-	-	41,533	561,627
Taxes - State	-	-	-	-	-	-	0
Taxes - Personal Property	-	-	13,629	-	-	13,629	158,481
Taxes - Other	-	-	10,608	-	-	10,608	128,354
Bank Charges	-	40,512	24,965	-	-	65,477	798,748
Other Expenses	-	-	692	-	-	692	47,001
Dues & Subscriptions	-	-	1,710	-	-	1,710	5,776
Other (Income)/Expenses	-	-	(618)	-	-	(618)	(360,823)
Bad Debt Recovery Income	-	-	(143,345)	-	-	(143,345)	(377,242)
<b>Total Operating Expense</b>	-	<b>40,512</b>	<b>4,088,652</b>	-	-	<b>4,129,164</b>	<b>80,433,225</b>
<b>EBITDA</b>	-	<b>(40,512)</b>	<b>1,080,728</b>	-	-	<b>1,040,216</b>	<b>1,305,466</b>
Depreciation Expense	-	24,698	354,817	-	193	379,708	4,191,481
Amortization Expense	-	-	223,005	-	-	223,005	10,990,218
Interest (Income)/Expenses	-	-	9,373	-	-	9,373	883,817
<b>Operating Income/(Loss)</b>	-	<b>(65,210)</b>	<b>493,533</b>	-	<b>(193)</b>	<b>428,130</b>	<b>(14,760,051)</b>
Income Tax	-	-	82,888	-	-	82,888	25,567,347
<b>Income Before Gain/(loss) &amp; Other</b>	-	<b>(65,210)</b>	<b>410,645</b>	-	<b>(193)</b>	<b>345,242</b>	<b>(40,327,398)</b>
<b>REORGANIZATION ITEMS</b>							
Bargain Purchase Gain/(loss)	-	-	-	-	-	0	(272,739)
Gain/(Loss) on Settlement of Debt	-	-	-	-	-	0	3,636,517
Bankruptcy Professional Fees	-	-	717,051	-	-	717,051	15,324,981
Restructuring - Litigation Fees	-	-	204,995	-	-	204,995	4,198,894
Restructuring	-	-	-	-	-	0	2,255,453
Post Acquisition Non-Recurring Exp.	-	-	276,955	-	-	276,955	4,778,993
Inventory Obso. Write Off	-	-	-	-	-	0	4,666,956
Bankruptcy Travel	-	-	-	-	-	0	8,652
Severance	-	-	-	-	-	0	973,258
<b>Net Income/(Loss)</b>	<b>\$</b>	<b>-(65,210)</b>	<b>\$ (788,356)</b>	<b>\$</b>	<b>-(193)</b>	<b>\$ (853,759)</b>	<b>\$ (69,170,807)</b>

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).

(2) The Cumulative Filing to Date results have been adjusted to reflect prior period adjusting entries to financial statements.

In re : ATLS Acquisition, LLC  
(Jointly Administered)

Case No. 13-10262  
Reporting Period: March 31, 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 MARCH 31, 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 <sup>(1)(2)</sup>	AS OF FILING DATE
	13-10262	13-10263	13-10264	13-10267	13-10268	13-10271	13-10266	13-10270		
<b>ASSETS:</b>										
<b>CURRENT ASSETS</b>										
Cash	\$ -	\$ 100,589	\$ -	\$ 11,619,241	\$ 3,937,131	\$ 968	\$ -	\$ -	\$ 15,657,929	\$ 39,378,858
Restricted Cash	-	-	-	-	9,082,413	-	-	-	9,082,413	-
Marketable Securities	-	-	-	-	-	-	-	-	-	48,323
<b>Total Cash and Cash Equivalen</b>	-	<b>100,589</b>	-	<b>11,619,241</b>	<b>13,019,544</b>	<b>968</b>	-	-	<b>24,740,342</b>	<b>39,427,181</b>
Trade A/R	-	-	-	-	95,139,397	-	-	-	95,139,397	272,615,549
Unposted Cash	-	-	-	-	(11,448,447)	-	-	-	(11,448,447)	(30,777,438)
Contractual Allowance	-	-	-	-	(26,363,478)	-	-	-	(26,363,478)	(48,660,933)
Allowance For Doubtful Accounts	-	-	-	-	(20,420,830)	-	-	-	(20,420,830)	(133,185,869)
Sequester Allowance	-	-	-	-	(570,765)	-	-	-	(570,765)	-
Other Reserves	-	-	-	-	(2,346,726)	-	-	-	(2,346,726)	(1,166,390)
<b>A/R, Net</b>	-	-	-	-	<b>33,989,151</b>	-	-	-	<b>33,989,151</b>	<b>58,824,919</b>
Manufacture Rebates and Other A/R	-	-	-	-	6,659,703	-	-	-	6,659,703	13,700,944
<b>Inventory:</b>	-	-	-	-	-	-	-	-	-	-
Inventory, Gross	-	-	-	-	10,267,868	-	-	-	10,267,868	25,069,520
Inventory In Transit	-	-	-	-	-	-	-	-	-	(1,405,000)
Reserve for Obsolescence	-	-	-	-	(447,656)	-	-	-	(447,656)	-
Inventory Pump to be Refurb	-	-	-	-	269,365	-	-	-	269,365	-
<b>Inventory, Net</b>	-	-	-	-	<b>10,089,577</b>	-	-	-	<b>10,089,577</b>	<b>23,664,520</b>
Prepaid and Other Current Assets	250,661	10	-	485,561	5,447,499	-	-	-	6,183,731	18,874,944
Note Receivable	-	-	-	-	-	-	-	-	-	9,307,526
<b>Total Current Assets</b>	<b>250,661</b>	<b>100,599</b>	-	<b>12,104,802</b>	<b>69,205,474</b>	<b>968</b>	-	-	<b>81,662,504</b>	<b>163,800,035</b>
<b>PP &amp; E</b>										
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	-	-	-	-	1,075,261	-	-	-	1,075,261	1,037,325
Auto	-	-	-	-	70,042	-	-	-	70,042	70,042
Computer Hardware & Software	-	-	-	-	8,683,915	-	-	-	8,683,915	5,021,912
FF&E	-	-	-	-	1,587,535	-	-	27,150	1,614,685	1,620,465
CIP	-	-	-	-	1,711,059	-	-	-	1,711,059	403,649
Less: Accumulated Depreciation	-	-	-	(381,053)	(4,353,616)	-	-	(3,009)	(4,737,678)	(550,466)
<b>Total PP &amp; E, Net</b>	-	-	-	<b>7,198,947</b>	<b>24,654,950</b>	-	<b>920,000</b>	<b>24,141</b>	<b>32,798,038</b>	<b>31,912,927</b>
Rental Assets, Net	-	-	-	-	3,793,208	-	-	-	3,793,208	5,030,410
Intangibles, Net	-	-	-	-	12,521,315	-	-	-	12,521,315	27,740,482
<b>Total Non-Current Assets</b>	-	-	-	-	<b>16,314,523</b>	-	-	-	<b>16,314,523</b>	<b>64,683,819</b>
<b>TOTAL ASSETS</b>	<b>\$ 250,661</b>	<b>\$ 100,599</b>	<b>\$ -</b>	<b>\$ 19,303,749</b>	<b>\$ 110,174,947</b>	<b>\$ 968</b>	<b>\$ 920,000</b>	<b>\$ 24,141</b>	<b>\$ 130,775,065</b>	<b>\$ 228,483,854</b>
<b>LIABILITIES AND OWNER EQUITY LIABILITIES</b>										
<b>Current Liabilities</b>										
Subject to Compromise:	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	36,254,111	-	-	-	36,254,111	43,809,518
Accrued and Other Current Liabilities	-	-	-	-	19,895,177	-	-	-	19,895,177	11,005,114
<b>Total Subject to Compromise</b>	-	-	-	-	<b>56,149,288</b>	-	-	-	<b>56,149,288</b>	<b>54,814,632</b>
Not Subject to Compromise:	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	4,394,237	-	-	-	4,394,237	-
Accrued and Other Current Liabilities	-	-	-	1	19,401,089	-	40,089	-	19,441,179	10,336,247
Note Payable	-	-	-	-	-	-	-	-	-	40,260,539
Intercompany	259,296	(118,249,815)	(10)	20,166,143	96,876,268	968	920,000	27,150	-	-
Other Non-Current Liabilities	-	-	-	-	813,247	-	-	-	813,247	359,775
<b>Total Not Subject to Compromise</b>	<b>259,296</b>	<b>(118,249,815)</b>	<b>(10)</b>	<b>20,166,144</b>	<b>121,484,841</b>	<b>968</b>	<b>960,089</b>	<b>27,150</b>	<b>24,648,663</b>	<b>50,956,562</b>
<b>Total Liabilities</b>	<b>259,296</b>	<b>(118,249,815)</b>	<b>(10)</b>	<b>20,166,144</b>	<b>177,634,129</b>	<b>968</b>	<b>960,089</b>	<b>27,150</b>	<b>80,797,951</b>	<b>105,771,193</b>
<b>Equity</b>										
Common Stock	-	-	10	-	-	-	-	-	10	10
Retained Earnings	(8,635)	118,350,414	-	(862,395)	(67,459,182)	-	(40,089)	(3,009)	49,977,104	122,712,651
<b>Total Equity</b>	<b>(8,635)</b>	<b>118,350,414</b>	<b>10</b>	<b>(862,395)</b>	<b>(67,459,182)</b>	-	<b>(40,089)</b>	<b>(3,009)</b>	<b>49,977,114</b>	<b>122,712,661</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 250,661</b>	<b>\$ 100,599</b>	<b>\$ -</b>	<b>\$ 19,303,749</b>	<b>\$ 110,174,947</b>	<b>\$ 968</b>	<b>\$ 920,000</b>	<b>\$ 24,141</b>	<b>\$ 130,775,065</b>	<b>\$ 228,483,854</b>

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).

(2) March 2014 Balance Sheet includes adjustments to A/R and Accrued and Other Current Liabilities made to the November 2013 financial statements.

In re : ATLS Acquisition, LLC  
(Jointly Administered)

Case No. 13-10262  
Reporting Period: March 31, 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 <sup>(1)</sup>	\$ (1,297,975)	\$ 82,888	\$ -			\$ (1,215,087)
Other						-
<b>Total Federal Taxes</b>	<b>\$ (1,297,975)</b>	<b>\$ 82,888</b>	<b>\$ -</b>			<b>\$ (1,215,087)</b>
<b>State and Local</b>						
Withholding	See Note Above					
Sales & Use	197,474	84,844	\$ 60,755			221,562
State Income Tax <sup>(1)</sup>	2,372,582		\$ 2,372,651			(68)
Excise	-	-	-			-
Unemployment	-	-	-			-
Real & Personal Property	664,526	55,162	605,512			114,176
Other	98,887	10,608	-			109,495
<b>Total State and Local</b>	<b>3,333,469</b>	<b>150,614</b>	<b>3,038,918</b>			<b>445,166</b>
<b>Total Taxes</b>	<b>\$ 2,035,495</b>	<b>\$ 233,502</b>	<b>\$ 3,038,918</b>			<b>\$ (769,921)</b>

(1) The Debtors revised the November financial statements to include state income tax accruals, which were paid during the month of March.

#### 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 <sup>(1)</sup>	\$ 3,915,381	\$ (88,560)	\$ 63,823	\$ (6)	\$ 503,598	\$ 4,394,237
Wages Payable	3,688,079					3,688,079
Taxes Payable	(769,921)					(769,921)
Rent/Leases - Building	-					-
Rent/Leases - Equipment	-					-
Secured Debt/Adequate Protection Payments	-					-
Professional Fees	9,638,887					9,638,887
Amounts due to Insiders*	-					-
Other - Accruals	7,697,381					7,697,381
<b>Total Postpetition Debts</b>	<b>\$ 24,169,807</b>	<b>\$ (88,560)</b>	<b>\$ 63,823</b>	<b>\$ (6)</b>	<b>\$ 503,598</b>	<b>\$ 24,648,663</b>

(1) Negative balance 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: March 31, 2014

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

<b>Accounts Receivable Reconciliation</b>		
Net Accounts Receivable at the beginning of the reporting period <sup>(1)</sup>	\$	32,087,571
+ Amounts billed during the period		28,744,816
- Amounts collected during the period		(18,268,149)
- Allowances, Reserves & Write-Offs		(8,575,086)
Net Accounts Receivable at the end of the reporting period	\$	33,989,151
<b>Accounts Receivable Aging (Gross)</b>		
0 - 30 days old	\$	24,375,171
31 -60 days old		12,604,868
61 - 90 days old		6,039,071
91+ days old		52,120,287
Total Accounts Receivable (Gross)		95,139,397
- Unapplied Cash		(11,448,447)
- Bad Debt Reserve		(20,420,830)
- Sales Return Reserve		(2,346,726)
- Sequester Reserve		(570,765)
- Contractual Allowances		(26,363,478)
+ Other AR Activity		-
Accounts Receivable (Net)	\$	33,989,151

(1) A/R adjusted in November financials to reflect write-down of doubtful accounts and contractual allowances as well as reclassification of unapplied cash.

**DEBTOR QUESTIONNAIRE**

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
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 March 31, 2014, \$606,333 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).