

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF**

In re: IPC, Int'l et al

Case No. 13-12050
Reporting Period: 2-1-2014 to 2-28-2014

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 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			
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			
Schedule of Professional Fees Paid	MOR-1b			
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2			
Balance Sheet	MOR-3			
Status of Postpetition Taxes	MOR-4			
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4			
Listing of aged accounts payable	MOR-4			
Accounts Receivable Reconciliation and Aging	MOR-5			
Debtor Questionnaire	MOR-5			

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.

Scott M. Strong
Signature of Debtor

4/24/14
Date

Scott M. Strong
Signature of Joint Debtor

4/24/14
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.

MOR
(04/07)



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Uniformity, Inc.

Balance Sheet

February 28, 2014 and February 28, 2013

Unaudited

ASSETS

	<u>Current Year</u>	<u>Previous Year</u>
Current assets:		
Cash in Bank The Private Bank	10,738.48	6,408.97
Petty Cash	657.06	657.06
Note Receivable	1,000.00	1,000.00
Accounts Receivable	19,564.39	224,903.33
Allowance for Doubtful Accounts	(61,920.11)	(47,943.17)
Accounts Receivable Accrued	(3,095.14)	(13,212.93)
Inventory	751,617.92	1,444,512.28
Obsolete Inventory Reserve	(275,027.12)	(500,000.00)
Prepaid Expenses	928.12	16,871.24
Total current assets	<u>444,463.60</u>	<u>1,133,196.78</u>
Fixed assets:		
Leasehold Improvements	56,956.08	56,956.08
Office Furniture	85,116.06	85,116.06
Furniture and Equipment	114,779.88	114,779.88
Computer Equipment & Software	13,231.20	13,231.20
<i>Less accumulated depreciation</i>	<u>259,162.37</u>	<u>251,448.55</u>
Net Fixed assets:	10,920.85	18,634.67
Other assets:		
Deposit Lease	12,603.04	12,603.04
Deposit Utilities	150.00	150.00
	<u>12,753.04</u>	<u>12,753.04</u>
	<u>468,137.49</u>	<u>1,164,584.49</u>

Uniformity, Inc.**Balance Sheet**

February 28, 2014 and February 28, 2013

Unaudited**LIABILITY AND SHAREHOLDER'S EQUITY**

	Current Year	Previous Year
	<hr/>	<hr/>
Current liabilities:		
Accounts Payable Trade	239,035.40	463,280.22
Accounts Payable Clearing	6,200.89	78,986.73
Sales Tax W/H Illinois	1,611.67	4,559.30
Unearned Revenue	3,653.97	3,685.59
Total current liabilities	<hr/> 250,501.93	<hr/> 550,511.84
Long term liabilities:		
Loan Payable IPC	877,399.16	1,204,444.13
	<hr/> 877,399.16	<hr/> 1,204,444.13
Shareholder's equity:		
Common Stock Outstanding	1,000.00	1,000.00
Retained Earnings	(553,300.74)	(600,060.40)
Profit (loss) for period	(107,462.86)	8,688.92
Total shareholder's equity	<hr/> (659,763.60)	<hr/> (590,371.48)
	<hr/> <hr/> 468,137.49	<hr/> <hr/> 1,164,584.49

Uniformity, Inc.**Statement of Earnings**

For The 5 Periods Ending February 28, 2014 and February 28, 2013

Unaudited

	Current Month	%	Prior Year Month	%	Current Year Year-To-Date	%	Prior Year Year-To-Date	%
Revenue:								
Shirts Revenue	0.00	0.00%	50,315.96	31.81%	158,565.70	29.47%	370,289.19	31.73%
Pants Revenue	0.00	0.00%	35,911.20	22.71%	103,579.07	19.25%	260,573.22	22.33%
Shoes Revenue	0.00	0.00%	3,800.00	2.40%	18,454.72	3.43%	22,402.30	1.92%
Leather Revenue	0.00	0.00%	7,351.99	4.65%	16,972.93	3.15%	56,347.78	4.83%
Other Revenue	31,575.13	100.00%	60,693.09	38.37%	254,996.28	47.38%	496,514.01	42.54%
Shipping Revenue	0.00	0.00%	5,600.29	3.54%	7,795.81	1.45%	44,944.60	3.85%
Sales Discounts & Allowances	0.00	0.00%	(5,510.31)	-3.48%	(22,227.05)	-4.13%	(83,949.41)	-7.19%
Total Revenue:	31,575.13	100.00%	158,162.22	100.00%	538,137.46	100.00%	1,167,121.69	100.00%
COGS								
COGS Shirts	0.00	0.00%	35,445.78	22.41%	219,280.44	40.75%	257,170.83	22.03%
COGS Pants	0.00	0.00%	28,399.39	17.96%	132,216.44	24.57%	211,070.77	18.08%
COGS Shoes	0.00	0.00%	2,820.42	1.78%	35,870.27	6.67%	14,791.22	1.27%
COGS Leather	0.00	0.00%	5,945.25	3.76%	23,499.64	4.37%	43,808.22	3.75%
COGS Other	0.00	0.00%	54,559.75	34.50%	234,627.52	43.60%	378,530.98	32.43%
COGS Shipping	73.80	0.23%	12,128.92	7.67%	19,328.96	3.59%	58,692.82	5.03%
Purchase Returns & Allowances	31,501.33	99.77%	(1,045.62)	-0.66%	(155,456.46)	-28.89%	(5,230.18)	-0.45%
Total Cost of Sales:	31,575.13	100.00%	138,253.89	87.41%	509,366.81	94.65%	958,834.66	82.15%
Gross profit	0.00	0.00%	19,908.33	12.59%	28,770.65	5.35%	208,287.03	17.85%
Operating Expenses:	0.00	0.00%	1,742.19	1.10%	1,662.53	0.31%	13,483.19	1.16%
Sales/Marketing Expenses:	0.00	0.00%	1,264.61	0.80%	2,692.17	0.50%	8,224.07	0.70%
General Administrative Expenses:	24,590.59	0.00%	29,588.95	18.71%	131,947.81	24.52%	178,719.02	15.31%
Total Expenses:	24,590.59	0.00%	32,595.75	20.61%	136,302.51	25.33%	200,426.28	17.17%
Other income and expenses:								
Interest Income	0.00	0.00%	0.00	0.00%	0.00	0.00%	291.36	0.02%
Miscellaneous Income	0.00	0.00%	0.00	0.00%	69.00	0.01%	536.81	0.05%
	0.00	0.00%	0.00	0.00%	69.00	0.01%	828.17	0.07%
Earnings (loss) before income taxes	0.00	0.00%	0.00	0.00%	69.00	0.01%	828.17	0.07%
Provision for income taxes:	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Net earnings (loss) for period	(24,590.59)	0.00%	(12,687.42)	-8.02%	(107,462.86)	-19.97%	8,688.92	0.74%
Operating Expense Schedule Detail:								
Administrative Salaries	0.00	0.00%	1,104.00	0.70%	686.00	0.13%	43,760.40	3.75%
Advertising/Promotion Expense	0.00	0.00%	80.04	0.05%	1,987.05	0.37%	799.26	0.07%
Marketing Trade Show Expense	0.00	0.00%	446.90	0.28%	0.00	0.00%	511.90	0.04%
Bad Debt Expense	2,000.00	6.33%	2,000.00	1.26%	10,000.00	1.86%	10,000.00	0.86%
Merchant Processing Fees	748.53	2.37%	234.64	0.15%	4,674.95	0.87%	1,802.93	0.15%
Contributions	0.00	0.00%	0.00	0.00%	0.00	0.00%	843.46	0.07%
Shipping Supplies Expense	0.00	0.00%	661.71	0.42%	1,372.53	0.26%	7,000.81	0.60%
Depreciation	1,900.00	6.02%	1,900.00	1.20%	9,500.00	1.77%	9,500.00	0.81%
Dues & Subscription Expense	0.00	0.00%	390.00	0.25%	105.00	0.02%	495.00	0.04%
Employment Expenses	0.00	0.00%	0.00	0.00%	0.00	0.00%	51.00	0.00%
Employment Exp Advertising	0.00	0.00%	0.00	0.00%	0.00	0.00%	25.00	0.00%
Equipment Leasing & Rental	0.00	0.00%	0.00	0.00%	480.00	0.09%	1,024.00	0.09%
Service Agreement Expense	0.00	0.00%	137.60	0.09%	3,335.66	0.62%	2,099.80	0.18%
Equipment / Supplies Expense	0.00	0.00%	1,010.51	0.64%	1,201.50	0.22%	7,871.08	0.67%
Equipment Vendor Cost SetUp	0.00	0.00%	0.00	0.00%	0.00	0.00%	75.00	0.01%
Equipment Repair & Maintenance	0.00	0.00%	0.00	0.00%	0.00	0.00%	225.00	0.02%
Meals	0.00	0.00%	0.00	0.00%	499.31	0.09%	1,460.78	0.13%
Corporate Air Fare	0.00	0.00%	0.00	0.00%	0.00	0.00%	299.59	0.03%
Gas / Tolls / Parking	111.29	0.35%	213.95	0.14%	926.89	0.17%	3,515.75	0.30%
Corporate Lodging	0.00	0.00%	0.00	0.00%	0.00	0.00%	426.01	0.04%
Flowers Gifts	0.00	0.00%	0.00	0.00%	0.00	0.00%	104.24	0.01%
Business Insurance	1,059.08	3.35%	1,142.17	0.72%	5,295.40	0.98%	5,710.85	0.49%
Computer Consulting	0.00	0.00%	1,248.46	0.79%	250.00	0.05%	1,748.46	0.15%
Accounting Fees	750.00	2.38%	750.00	0.47%	3,750.00	0.70%	3,750.00	0.32%
Office Supplies Expense	0.00	0.00%	1,522.04	0.96%	2,985.69	0.55%	7,696.33	0.66%
Penalties	0.00	0.00%	114.60	0.07%	0.97	0.00%	269.26	0.02%
Postage & Mailing Expense	0.00	0.00%	500.00	0.32%	398.63	0.07%	1,749.08	0.15%
Printing Costs	0.00	0.00%	854.78	0.54%	0.00	0.00%	1,029.48	0.09%
Rent Expense	14,112.20	44.69%	13,593.85	8.59%	70,561.00	13.11%	69,083.00	5.92%
Internet Expense	119.92	0.38%	29.95	0.02%	1,017.61	0.19%	460.68	0.04%
Telephone Expense	894.53	2.83%	900.91	0.57%	4,718.55	0.88%	4,581.68	0.39%
Cell Phone / Blackberry Expense	0.00	0.00%	133.72	0.08%	620.50	0.12%	1,293.84	0.11%
Uniform Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	119.37	0.01%
Utilities Expense	2,895.04	9.17%	3,625.92	2.29%	11,935.27	2.22%	11,043.24	0.95%
Total Cost and Expenses:	24,590.59	77.88%	32,595.75	20.61%	136,302.51	25.33%	200,426.28	17.17%

Shipping Supplies Expense	0.00	0.00%	661.71	0.42%	1,372.53	0.26%	7,000.81	0.60%
Equipment / Supplies Expense	0.00	0.00%	1,080.48	0.68%	290.00	0.05%	5,543.76	0.47%
Equipment Vendor Cost SetUp	0.00	0.00%	0.00	0.00%	0.00	0.00%	75.00	0.01%
Equipment Repair & Maintenance	0.00	0.00%	0.00	0.00%	0.00	0.00%	225.00	0.02%
Meals	0.00	0.00%	0.00	0.00%	0.00	0.00%	347.11	0.03%
Office Supplies Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	172.14	0.01%
Uniform Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	119.37	0.01%
Total Operating Expenses Detail:	0.00	0.00%	1,742.19	1.10%	1,662.53	0.31%	13,483.19	1.16%
Advertising/Promotion Expense	0.00	0.00%	80.04	0.05%	1,987.05	0.37%	799.26	0.07%
Marketing Trade Show Expense	0.00	0.00%	446.90	0.28%	0.00	0.00%	511.90	0.04%
Contributions	0.00	0.00%	0.00	0.00%	0.00	0.00%	843.46	0.07%
Dues & Subscription Expense	0.00	0.00%	390.00	0.25%	0.00	0.00%	390.00	0.03%
Equipment / Supplies Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	185.90	0.02%
Meals	0.00	0.00%	0.00	0.00%	102.24	0.02%	215.57	0.02%
Corporate Air Fare	0.00	0.00%	0.00	0.00%	0.00	0.00%	299.59	0.03%
Gas / Tolls / Parking	0.00	0.00%	213.95	0.14%	352.00	0.07%	3,408.85	0.29%
Corporate Lodging	0.00	0.00%	0.00	0.00%	0.00	0.00%	426.01	0.04%
Cell Phone / Blackberry Expense	0.00	0.00%	133.72	0.08%	250.88	0.05%	1,143.53	0.10%
Total Sales/Marketing Expenses Detail:	0.00	0.00%	1,264.61	0.80%	2,692.17	0.50%	8,224.07	0.70%
Administrative Salaries	0.00	0.00%	1,104.00	0.70%	686.00	0.13%	43,760.40	3.75%
Bad Debt Expense	2,000.00	6.33%	2,000.00	1.26%	10,000.00	1.86%	10,000.00	0.86%
Merchant Processing Fees	748.53	2.37%	234.64	0.15%	4,674.95	0.87%	1,802.93	0.15%
Depreciation	1,900.00	6.02%	1,900.00	1.20%	9,500.00	1.77%	9,500.00	0.81%
Dues & Subscription Expense	0.00	0.00%	0.00	0.00%	105.00	0.02%	105.00	0.01%
Employment Expenses	0.00	0.00%	0.00	0.00%	0.00	0.00%	51.00	0.00%
Employment Exp Advertising	0.00	0.00%	0.00	0.00%	0.00	0.00%	25.00	0.00%
Equipment Leasing & Rental	0.00	0.00%	0.00	0.00%	480.00	0.09%	1,024.00	0.09%
Service Agreement Expense	0.00	0.00%	137.60	0.09%	3,335.66	0.62%	2,099.80	0.18%
Equipment / Supplies Expense	0.00	0.00%	(69.97)	-0.04%	911.50	0.17%	2,141.42	0.18%
Meals	0.00	0.00%	0.00	0.00%	397.07	0.07%	898.10	0.08%
Gas / Tolls / Parking	111.29	0.35%	0.00	0.00%	574.89	0.11%	106.90	0.01%
Flowers Gifts	0.00	0.00%	0.00	0.00%	0.00	0.00%	104.24	0.01%
Business Insurance	1,059.08	3.35%	1,142.17	0.72%	5,295.40	0.98%	5,710.85	0.49%
Computer Consulting	0.00	0.00%	1,248.46	0.79%	250.00	0.05%	1,748.46	0.15%
Accounting Fees	750.00	2.38%	750.00	0.47%	3,750.00	0.70%	3,750.00	0.32%
Office Supplies Expense	0.00	0.00%	1,522.04	0.96%	2,985.69	0.55%	7,524.19	0.64%
Penalties	0.00	0.00%	114.60	0.07%	0.97	0.00%	269.26	0.02%
Postage & Mailing Expense	0.00	0.00%	500.00	0.32%	398.63	0.07%	1,749.08	0.15%
Printing Costs	0.00	0.00%	854.78	0.54%	0.00	0.00%	1,029.48	0.09%
Rent Expense	14,112.20	44.69%	13,593.85	8.59%	70,561.00	13.11%	69,083.00	5.92%
Internet Expense	119.92	0.38%	29.95	0.02%	1,017.61	0.19%	460.68	0.04%
Telephone Expense	894.53	2.83%	900.91	0.57%	4,718.55	0.88%	4,581.68	0.39%
Cell Phone / Blackberry Expense	0.00	0.00%	0.00	0.00%	369.62	0.07%	150.31	0.01%
Utilities Expense	2,895.04	9.17%	3,625.92	2.29%	11,935.27	2.22%	11,043.24	0.95%
Total Administrative Expenses Detail:	24,590.59	77.88%	29,588.95	18.71%	131,947.81	24.52%	178,719.02	15.31%

IPC International Realty LLC

Balance Sheet

As Of February 28, 2014

Unaudited

	<u>Current Year</u>	<u>Previous Year</u>
<u>ASSETS</u>		
Current Assets:		
Operating Account The Private Ban	46,618.31	0.00
Note Receivable	1,000.00	1,000.00
Prepaid Insurance	17,220.90	0.00
Total Current Assets	<u>64,839.21</u>	<u>1,000.00</u>
Fixed Assets:		
Land	1,200,000.00	1,200,000.00
Professional Fees	114,601.11	114,601.11
Building Construction Costs	3,832,838.46	3,832,838.46
Capitalized Interest	79,095.52	79,095.52
Building Improvements	100,912.86	100,912.86
Total Fixed Assets	<u>5,327,447.95</u>	<u>5,327,447.95</u>
<i>Less: Accumulated Depreciation:</i>	<u>1,656,417.15</u>	<u>1,547,588.07</u>
Net Fixed Assets	<u>3,671,030.80</u>	<u>3,779,859.88</u>
Other assets:		
Total Other Assets	<u>0.00</u>	<u>0.00</u>
	<u><u>3,735,870.01</u></u>	<u><u>3,780,859.88</u></u>

*IPC International Realty LLC***Balance Sheet**

As Of February 28, 2014

Unaudited

	Current Year	Previous Year
	<u> </u>	<u> </u>
<u>LIABILITY AND SHAREHOLDER'S EQUITY</u>		
Current Liabilities:		
Note Payable IPC	604,681.63	(846,196.21)
Property Tax Liability	122,660.24	119,600.01
Total Current Liabilities	<u>727,341.87</u>	<u>(726,596.20)</u>
Long Term Liabilities:		
Note Payable Building	2,901,522.13	4,506,666.63
Total Long Term Liabilities	<u>2,901,522.13</u>	<u>4,506,666.63</u>
Shareholder's Equity:		
Retained Earnings	35,847.88	788.11
Profit (loss) for period	71,158.13	1.34
Total shareholder's equity	<u>107,006.01</u>	<u>789.45</u>
	<u><u>3,735,870.01</u></u>	<u><u>3,780,859.88</u></u>

IPC International Realty LLC

Statement of Earnings

For The 5 Periods Ending February 28, 2014

Unaudited

	<u>Current Period</u>	<u>Current YTD</u>
Revenue:		
Rental Income	0.00	203,800.00
	<u>0.00</u>	<u>203,800.00</u>
Cost of sales:		
	<u>0.00</u>	<u>0.00</u>
<i>Gross profit</i>	0.00	203,800.00
Costs and expenses:		
Bank Fees	23.45	132.55
Depreciation Expense	9,069.09	45,345.45
Business Insurance	2,572.75	12,863.75
Interest Expense	0.00	29,300.12
Property Tax Expense	9,000.00	45,000.00
	<u>20,665.29</u>	<u>132,641.87</u>
Earnings (loss) from operations	(20,665.29)	71,158.13
Other income and expenses:		
	<u>0.00</u>	<u>0.00</u>
Earnings (loss) before income taxes	(20,665.29)	71,158.13
Provision for income taxes:		
	<u>0.00</u>	<u>0.00</u>
Net earnings (loss) for period	<u>(20,665.29)</u>	<u>71,158.13</u>

IPC International Corporation
Comparative Balance Sheet
2/28/2014

Unaudited

ASSETS

	CURRENT YEAR	PREVIOUS YEAR
CURRENT ASSETS:		
Cash In Banks	3,976,480.24	871,468.80
Accounts Receivable	2,462,689.10	15,067,466.49
Employee Loans	-	126.78
Uniform Supplies	-	250,000.00
Prepaid Insurance Other	3,799,307.65	1,314,650.09
Prepaid Expenses Other	726,648.30	140,122.44
Prepaid Expenses Mall Startup	-	70,154.49
TOTAL CURRENT ASSETS	10,965,125.29	17,713,989.09
 PROPERTY AND EQUIPMENT		
Leasehold Improvements	213,625.44	213,625.44
Office Furniture	1,036,515.06	1,036,515.06
Furniture and Equipment	644,348.92	949,790.12
Computer Equipment & Software	-	2,077,226.23
Transportation Equipment	-	1,528,937.52
Fitness Equipment	30,757.97	30,757.97
Capitalized Leases	-	4,930,518.29
Total Property & Equipment	1,925,247.39	10,767,370.63
<i>Less: Accumulated Depreciation</i>	1,925,247.39	7,671,562.32
NET PROPERTY & EQUIPMENT	-	3,095,808.31
 OTHER ASSETS:		
Deposits	218,160.95	240,227.80
Long Term Note Receivable - IPC Realty Company, LLC	604,681.63	(846,196.21)
Long Term Note Receivable - Uniformity, Inc.	877,399.16	1,204,444.13
TOTAL OTHER ASSETS	1,700,241.74	598,475.72
TOTAL ASSETS	12,665,367.03	21,408,273.12

IPC International Corporation
Comparative Balance Sheet
2/28/2014

LIABILITIES AND SHAREHOLDERS' EQUITY

	CURRENT YEAR	PREVIOUS YEAR
CURRENT LIABILITIES:		
Accounts Payable	6,020,993.81	4,499,392.89
Accrued Insurance/Rent Liabilities	97,364.65	(17,549.21)
Accrued Other Liabilities	257,163.00	201,875.00
Line of Credit	-	8,725,371.47
GL Liability Reserve	2,000,000.00	8,549,487.46
WC Liability Reserve	1,960,736.27	2,501,321.35
Auto Liability Reserve	42,993.70	50,000.00
Health Liability Reserve	(29,405.85)	727,175.10
UPS Prefunded Liability	1,929,826.38	-
Installment Loans / Notes - Current Portion	-	7,383,836.92
Accrued Payroll Taxes / Benefits / 401K / Uniforms	2,663,804.08	2,912,581.44
Sales Tax W/H - CA Licensing	31,729.74	203,194.01
Exchange Account	-	(1,204.70)
Garnish Exchange	6,068.73	(26,986.39)
Accrued U/C Taxes	230,276.35	2,933,436.95
Accrued Vacation Wages	-	750,000.00
Accrued Wages	(11,424.07)	2,945,181.41
TOTAL CURRENT LIABILITIES	15,200,126.79	42,337,113.70
 LONG TERM DEBT		
Installment loans	-	2,875,030.54
Loans from Officers	1,652,578.36	1,652,578.36
Note Payable - LaSalle - IPC International ESOP	(5,824.42)	5,949,277.76
Total	1,646,753.94	10,476,886.66
<i>Less-Current Portion</i>	-	(7,383,836.92)
TOTAL LONG TERM DEBT	1,646,753.94	3,093,049.74
 SHAREHOLDERS' EQUITY:		
Common Stock Outstanding	1,250.00	1,250.00
Unearned ESOP Common Shares	(7,656,826.82)	(8,255,669.71)
Unearned Esop Share Committed to be Released	-	551,675.57
Dividends Paid	-	(230,533.27)
ESOP Contribution in Excess of Paid in Capital	-	(528,567.57)
Retained Earnings	(17,512,111.51)	(15,193,239.20)
Year to Date Income	20,986,174.63	(366,806.14)
TOTAL SHAREHOLDERS' EQUITY	(4,181,513.70)	(24,021,890.32)
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,665,367.03	21,408,273.12

IPC International Corporation

Consolidated Income Statement

Comparative Statement of Income and Expense

For the 1 Month and 5 Months Then Ended 2/28/2014

Unaudited

	CURRENT		PRIOR YEAR		CURRENT		PRIOR YEAR	
	MONTH	%	MONTH	%	YTD	%	YTD	%
REVENUE								
Uniformed Security	9,859.02	100.00%	8,553,603.32	86.34%	17,577,945.32	86.27%	48,262,515.17	86.92%
Healthcare Revenue	-	0.00%	71,838.27	0.73%	191,172.95	0.94%	353,583.80	0.64%
Patrol Vehicle Revenue	-	0.00%	248,616.10	2.51%	515,606.43	2.53%	1,231,592.96	2.22%
Special Services	-	0.00%	891,718.23	9.00%	1,710,006.38	8.39%	4,705,372.39	8.47%
Other Revenue	-	0.00%	114,996.54	1.16%	300,243.23	1.47%	816,445.18	1.47%
Segway Revenues	-	0.00%	975.00	0.01%	525.00	0.00%	5,925.00	0.01%
K 9 Revenue	-	0.00%	42,022.86	0.42%	104,796.75	0.51%	264,172.52	0.48%
Program Revenue	-	0.00%	11,038.81	0.11%	15,639.27	0.08%	58,266.80	0.10%
Consulting Fees	-	0.00%	-	0.00%	240.00	0.00%	63.50	0.00%
Sales Discounts	-	0.00%	(27,589.80)	-0.28%	(41,360.74)	-0.20%	(175,199.60)	-0.32%
TOTAL REVENUE	9,859.02	100.00%	9,907,219.33	100.00%	20,374,814.59	100.00%	55,522,737.72	100.00%
COST OF SERVICES								
Guard Salaries	-	0.00%	5,298,737.30	53.48%	10,976,002.97	53.87%	28,772,696.12	51.82%
Other Salaries	-	0.00%	1,122,567.99	11.33%	2,458,569.93	12.07%	6,175,733.56	11.12%
Vacation Salaries	37,793.10	383.34%	127,938.90	1.29%	1,168,748.00	5.74%	652,913.68	1.18%
Holiday Salaries	-	0.00%	9,593.44	0.10%	54,518.24	0.27%	937,130.16	1.69%
Sick Salaries	-	0.00%	29,960.65	0.30%	43,593.60	0.21%	145,916.65	0.26%
Training Salaries	-	0.00%	32,992.45	0.33%	104,612.45	0.51%	198,244.01	0.36%
Outside Guard Service	-	0.00%	88,876.43	0.90%	253,433.29	1.24%	636,585.61	1.15%
Patrol Vehicle Maintenance Exp	-	0.00%	32,035.35	0.32%	67,119.09	0.33%	153,094.68	0.28%
Patrol Vehicle Fuel Expense	-	0.00%	94,687.75	0.96%	166,809.84	0.82%	498,130.71	0.90%
Patrol Vehicle Equipment Exp	-	0.00%	5,923.30	0.06%	12,078.97	0.06%	37,191.62	0.07%
Patrol Vehicle Rental Expense	874.48	8.87%	9,800.57	0.10%	31,976.47	0.16%	49,493.16	0.09%
Bicycle Patrol Expense	-	0.00%	1,267.77	0.01%	3,869.48	0.02%	10,510.83	0.02%
Segway T3 Patrol Expense	-	0.00%	3,358.13	0.03%	3,445.06	0.02%	7,609.51	0.01%
Golf Cart Repair Expense	-	0.00%	2,832.90	0.03%	14,716.07	0.07%	27,298.29	0.05%
Patrol Vehicle Leasing	-	0.00%	15,510.03	0.16%	4,151.23	0.02%	53,624.93	0.10%
Patrol Vehicle Leasing Depr Exp	-	0.00%	110,455.27	1.11%	201,048.31	0.99%	509,367.62	0.92%
Patrol Vehicle Leasing Interest Exp	-	0.00%	22,611.17	0.23%	40,409.34	0.20%	111,877.29	0.20%
Overtime Salaries Billed	-	0.00%	36,800.24	0.37%	57,008.04	0.28%	369,742.12	0.67%
Overtime Salaries Non Billed	-	0.00%	87,354.65	0.88%	345,379.12	1.70%	533,425.80	0.96%
TOTAL COST OF SERVICES	38,667.58	392.21%	7,133,304.29	72.00%	16,007,489.50	78.57%	39,880,586.35	71.83%
GROSS PROFIT	(28,808.56)	-292.21%	2,773,915.04	28.00%	4,367,325.09	21.43%	15,642,151.37	28.17%
OPERATING EXPENSES - SEE SCHEDULE A	25,147.77	255.07%	2,230,613.24	22.52%	3,999,741.69	19.63%	11,938,223.90	21.50%
NET INCOME FROM OPERATIONS	(53,956.33)	-547.28%	543,301.80	5.48%	367,583.40	1.80%	3,703,927.47	6.67%
GENERAL AND ADMINISTRATIVE EXPENSES - SEE SCHEDULE B	(424,229.17)	-4302.95%	658,143.39	6.64%	3,184,253.75	15.63%	4,177,412.58	7.52%
OTHER INCOME / EXPENSE								
Interest Income	3.24	0.03%	0.19	0.00%	851.43	0.00%	1.57	0.00%
Gain Loss Sale of Assets	-	0.00%	4,363.51	0.04%	23,801,312.98	116.82%	58,511.96	0.11%
Miscellaneous Income	406.36	4.12%	1,141.07	0.01%	680.57	0.00%	48,165.44	0.09%
TOTAL OTHER INCOME / EXPENSE	409.60	4.15%	5,504.77	0.06%	23,802,844.98	116.82%	106,678.97	0.19%
NET INCOME BEFORE TAXES	370,682.44	3759.83%	(109,336.82)	-1.10%	20,986,174.63	103.00%	(366,806.14)	-0.66%
NET INCOME	370,682.44	3759.83%	(109,336.82)	-1.10%	20,986,174.63	103.00%	(366,806.14)	-0.66%

IPC International Corporation

Consolidated Income Statement

Schedule of Operating Expenses

(Schedule A)

For the 1 Month and 5 Months Then Ended 2/28/2014

Unaudited

	CURRENT		PRIOR YEAR		CURRENT		PRIOR YEAR	
	MONTH	%	MONTH	%	YTD	%	YTD	%
OPERATING EXPENSES								
Administrative Salaries	-	0.00%	-	0.00%	64,662.54	0.32%	-	0.00%
Advertising/Promotion Expense	-	0.00%	-	0.00%	-	0.00%	362.70	0.00%
Marketing Trade Show Expenses	-	0.00%	14,814.76	0.15%	34,152.14	0.17%	79,575.84	0.14%
Annual Reports/Franchise Fees	-	0.00%	315.00	0.00%	492.50	0.00%	1,465.54	0.00%
Awards & Bonus Expense	-	0.00%	-	0.00%	150.00	0.00%	-	0.00%
Bad Debt Expense	-	0.00%	25,942.38	0.26%	46,094.01	0.23%	122,315.21	0.22%
Contributions	-	0.00%	-	0.00%	-	0.00%	1,700.00	0.00%
Client Claims	-	0.00%	-	0.00%	3,527.12	0.02%	5,926.64	0.01%
Delivery and Shipping	-	0.00%	12,626.87	0.13%	26,038.84	0.13%	69,607.99	0.13%
Shipping Supplies	-	0.00%	49.14	0.00%	182.53	0.00%	96.93	0.00%
Dues & Subscriptions	-	0.00%	21.20	0.00%	520.00	0.00%	1,767.38	0.00%
Employment Expenses	-	0.00%	-	0.00%	-	0.00%	261.00	0.00%
Employment Exp Advertising	-	0.00%	2,721.11	0.03%	2,664.14	0.01%	7,525.84	0.01%
Employment Exp Drug Testing	-	0.00%	3,492.00	0.04%	7,105.75	0.03%	22,803.00	0.04%
Employment Exp Bckgnd/Cr Chk	-	0.00%	10,952.36	0.11%	15,992.72	0.08%	55,809.22	0.10%
Equipment Leasing and Rental	-	0.00%	1,411.29	0.01%	1,587.99	0.01%	12,415.12	0.02%
Service Agreement Expense	44.96	0.46%	319.00	0.00%	311.61	0.00%	396.09	0.00%
Equipment / Supplies	-	0.00%	11,322.13	0.11%	41,911.63	0.21%	63,850.46	0.11%
Computer Equipment/Supplies	-	0.00%	683.37	0.01%	1,133.99	0.01%	3,083.41	0.01%
Equipment Repair & Maintenance	-	0.00%	562.55	0.01%	11,933.56	0.06%	2,663.32	0.00%
Education Expense	-	0.00%	-	0.00%	-	0.00%	28.20	0.00%
Client Development	497.59	5.05%	52,040.99	0.53%	124,819.52	0.61%	285,181.60	0.51%
Flowers Gifts	-	0.00%	-	0.00%	287.74	0.00%	538.35	0.00%
Insurance G/L Premium	-	0.00%	135,229.14	1.36%	637,136.36	3.13%	727,798.62	1.31%
Insurance G/L Claims	-	0.00%	175,000.00	1.77%	25,000.00	0.12%	875,000.00	1.58%
Insurance W/C Premium	-	0.00%	206,732.51	2.09%	487,406.40	2.39%	1,154,128.70	2.08%
Insurance W/C Claims	16,134.13	163.65%	-	0.00%	46,764.01	0.23%	-	0.00%
Insurance Auto Premium	-	0.00%	30,705.07	0.31%	83,043.23	0.41%	150,678.61	0.27%
Insurance Auto Claims	-	0.00%	10,421.77	0.11%	3,930.64	0.02%	49,050.23	0.09%
Insurance EPL Claims	3,606.50	36.58%	44,783.93	0.45%	3,791.50	0.02%	545,653.59	0.98%
Insurance Health Premium BCBS	-	0.00%	(57,926.93)	-0.58%	(128,684.86)	-0.63%	(299,589.92)	-0.54%
Insurance Health Premium AW	-	0.00%	15,999.80	0.16%	3,744.24	0.02%	74,994.22	0.14%
Insurance Health Premium Other	-	0.00%	22,435.93	0.23%	51,567.59	0.25%	105,688.69	0.19%
Insurance Health Claims	-	0.00%	133,575.00	1.35%	212,840.64	1.04%	727,225.00	1.31%
Commission Expense	-	0.00%	32,200.38	0.33%	61,058.53	0.30%	202,516.60	0.36%
Accounting Fees	-	0.00%	-	0.00%	-	0.00%	275.00	0.00%
Legal Fees	-	0.00%	1,235.97	0.01%	(430.70)	0.00%	5,421.35	0.01%
Insurance EPL Premium	-	0.00%	14,084.67	0.14%	25,761.84	0.13%	70,423.35	0.13%
Licenses Permits and Fees	-	0.00%	19,761.49	0.20%	8,892.82	0.04%	42,570.28	0.08%
Patrol Veh Licensing/Fees	-	0.00%	715.10	0.01%	887.11	0.00%	2,220.08	0.00%
Moving Expenses	-	0.00%	609.11	0.01%	2,280.12	0.01%	10,993.52	0.02%
Office Supplies Expense	-	0.00%	21,218.74	0.21%	44,512.88	0.22%	136,285.67	0.25%
Life Insurance	-	0.00%	-	0.00%	1,370.20	0.01%	-	0.00%
Pager Expense	-	0.00%	-	0.00%	-	0.00%	22.80	0.00%
Penalties	30.00	0.30%	-	0.00%	501.04	0.00%	97.30	0.00%
Postage & Mailing	-	0.00%	456.06	0.00%	2,453.73	0.01%	2,595.09	0.00%
Printing Cost	-	0.00%	273.07	0.00%	243.19	0.00%	1,658.24	0.00%
Rent Expense	-	0.00%	102,642.60	1.04%	197,919.31	0.97%	518,696.90	0.93%
Registration Fees	-	0.00%	13,358.83	0.13%	5,877.05	0.03%	56,541.40	0.10%
Taxes Corp State Income	-	0.00%	-	0.00%	-	0.00%	(98.12)	0.00%
Taxes FICA	2,891.22	29.33%	503,570.24	5.08%	1,142,735.46	5.61%	2,831,579.04	5.10%
Taxes State U/C	1,751.03	17.76%	232,101.12	2.34%	183,612.54	0.90%	922,838.34	1.66%
Taxes Federal U/C	211.80	2.15%	63,416.64	0.64%	(26,061.92)	-0.13%	211,438.86	0.38%
Training Expenses	-	0.00%	8,382.75	0.08%	1,848.79	0.01%	17,840.60	0.03%
Internet Access Charges	-	0.00%	12,039.18	0.12%	23,308.74	0.11%	53,153.87	0.10%
Telephone Expense	(19.46)	-0.20%	8,339.46	0.08%	20,044.96	0.10%	42,861.29	0.08%
Cell Phone/Blackberry Expense	-	0.00%	33,832.04	0.34%	81,409.47	0.40%	160,653.60	0.29%
Travel Expenses	-	0.00%	1,684.54	0.02%	1,459.07	0.01%	3,370.65	0.01%
Uniform Cleaning & Alterations	-	0.00%	1,550.55	0.02%	1,210.37	0.01%	4,690.61	0.01%
Uniform Expense	-	0.00%	44,072.79	0.44%	103,144.44	0.51%	347,819.78	0.63%
Utilities Expense	-	0.00%	-	0.00%	-	0.00%	(1,082.19)	0.00%
Startup Expenses	-	0.00%	19,726.36	0.20%	7,558.32	0.04%	97,163.65	0.17%
Management Expense	-	0.00%	241,111.18	2.43%	298,036.25	1.46%	1,347,674.76	2.43%
TOTAL OPERATING EXPENSES	25,147.77	255.07%	2,230,613.24	22.52%	3,999,741.69	19.63%	11,938,223.90	21.50%

IPC International Corporation

Consolidated Income Statement

Schedule of General & Administrative Expenses

(Schedule B)

For the 1 Month and 5 Months Then Ended 2/28/2014

Unaudited

	CURRENT		PRIOR YEAR		CURRENT		PRIOR YEAR	
	MONTH	%	MONTH	%	YTD	%	YTD	%
GENERAL AND ADMINISTRATIVE EXPENSES								
Administrative Salaries	(707,387.91)	-7175.03%	439,870.30	4.44%	496,899.37	2.44%	2,341,084.20	4.22%
Contract Labor	966.06	9.80%	130.00	0.00%	37,266.68	0.18%	3,211.50	0.01%
Advertising/Promotion Expense	-	0.00%	-	0.00%	-	0.00%	275.00	0.00%
Marketing Trade Show Expenses	-	0.00%	-	0.00%	24,947.98	0.12%	-	0.00%
Annual Reports/Franchise Fees	-	0.00%	300.00	0.00%	71.00	0.00%	475.00	0.00%
Auto Expense	(61,999.84)	-628.86%	835.54	0.01%	(55,581.75)	-0.27%	3,079.15	0.01%
Auto Leasing Expense	-	0.00%	(278.82)	0.00%	2,071.40	0.01%	1,613.11	0.00%
Auto Leasing Depr. Exp	-	0.00%	7,113.41	0.07%	16,802.03	0.08%	40,844.19	0.07%
Auto Leasing Interest Exp	-	0.00%	1,824.28	0.02%	3,416.45	0.02%	9,958.66	0.02%
Bad Debt Expense	-	0.00%	163.96	0.00%	353.38	0.00%	1,103.63	0.00%
Bank Charges	15,324.54	155.44%	16,892.04	0.17%	156,864.52	0.77%	90,607.10	0.16%
Merchant Processing Fees	180.20	1.83%	507.81	0.01%	2,163.31	0.01%	2,952.33	0.01%
Contributions	-	0.00%	1,000.00	0.01%	-	0.00%	17,000.00	0.03%
Delivery and Shipping	-	0.00%	102.66	0.00%	356.22	0.00%	740.63	0.00%
Shipping Supplies	-	0.00%	1,050.36	0.01%	5.60	0.00%	2,447.34	0.00%
Depreciation	483.76	4.91%	23,000.00	0.23%	203,385.12	1.00%	115,000.00	0.21%
Dues & Subscriptions	-	0.00%	1,712.46	0.02%	9,001.56	0.04%	9,095.30	0.02%
Employment Exp Employee Records	7,526.25	76.34%	250.95	0.00%	8,530.05	0.04%	1,470.95	0.00%
Employment Exp Advertising	-	0.00%	-	0.00%	709.82	0.00%	1,224.27	0.00%
Employment Exp Drug Testing	-	0.00%	-	0.00%	-	0.00%	19.00	0.00%
Employment Exp Bckgnd/Cr Chk	10,384.71	105.33%	(805.00)	-0.01%	10,395.21	0.05%	(730.85)	0.00%
Equipment Leasing and Rental	-	0.00%	195.00	0.00%	1,647.00	0.01%	3,626.04	0.01%
Service Agreement Expense	291.68	2.96%	32,155.18	0.32%	77,396.92	0.38%	149,648.51	0.27%
Equipment / Supplies	-	0.00%	1,325.41	0.01%	10,103.99	0.05%	9,500.62	0.02%
Computer Equipment/Supplies	-	0.00%	4,552.63	0.05%	5,256.86	0.03%	36,829.51	0.07%
Equipment Repair & Maintenance	-	0.00%	549.38	0.01%	928.26	0.00%	3,413.13	0.01%
Education Expense	-	0.00%	-	0.00%	-	0.00%	70.00	0.00%
Client Development	-	0.00%	3,351.00	0.03%	2,031.37	0.01%	32,782.96	0.06%
Meals	-	0.00%	1,656.14	0.02%	10,013.55	0.05%	11,040.99	0.02%
Corporate Air Fare	-	0.00%	2,800.40	0.03%	26,140.06	0.13%	22,291.80	0.04%
Corporate Auto Rental	-	0.00%	1,539.16	0.02%	2,991.90	0.01%	6,410.00	0.01%
Gas / Tolls / Parking	(42,073.56)	-426.75%	3,229.46	0.03%	(29,584.83)	-0.15%	18,613.25	0.03%
Corporate Lodging	-	0.00%	547.70	0.01%	10,303.38	0.05%	14,268.04	0.03%
Flowers Gifts	-	0.00%	187.05	0.00%	1,282.39	0.01%	3,188.34	0.01%
Insurance G/L Premium	-	0.00%	3,495.24	0.04%	11,653.54	0.06%	16,673.01	0.03%
Insurance G/L Claims	-	0.00%	-	0.00%	(1,361,746.63)	-6.68%	-	0.00%
Insurance W/C Premium	-	0.00%	1,176.11	0.01%	3,734.32	0.02%	49,204.21	0.09%
Insurance Auto Premium	-	0.00%	2,078.30	0.02%	5,265.70	0.03%	59,759.76	0.11%
Insurance Auto Claims	-	0.00%	717.00	0.01%	838.14	0.00%	1,741.80	0.00%
Insurance Business	-	0.00%	5,370.41	0.05%	9,988.00	0.05%	26,852.05	0.05%
Insurance EPL Claims	-	0.00%	4,901.00	0.05%	-	0.00%	4,901.00	0.01%
Insurance Health Premium BCBS	2,613.92	26.51%	(12,253.06)	-0.12%	(20,893.90)	-0.10%	(59,081.80)	-0.11%
Insurance Health Premium AW	-	0.00%	2,419.79	0.02%	6,488.05	0.03%	9,971.08	0.02%
Insurance Health Premium Other	2,621.42	26.59%	1,446.55	0.01%	17,565.98	0.09%	7,311.36	0.01%
Insurance Health Claims	-	0.00%	23,725.00	0.24%	(151,680.56)	-0.74%	128,450.00	0.23%
Interest Expense	12,212.19	123.87%	39,826.84	0.40%	135,727.65	0.67%	215,645.31	0.39%
Cleaning / Janitorial Service	-	0.00%	1,500.00	0.02%	-	0.00%	6,750.00	0.01%
Corporate Contribution ESOP	-	0.00%	15,000.00	0.15%	-	0.00%	75,000.00	0.14%
Computer Consulting	-	0.00%	845.00	0.01%	1,680.00	0.01%	4,975.00	0.01%
Consulting Professional	60,809.31	616.79%	62,712.96	0.63%	1,966,356.08	9.65%	486,188.78	0.88%
Accounting Fees	13,350.00	135.41%	10,000.00	0.10%	76,950.00	0.38%	50,000.00	0.09%
Legal Fees	96,884.81	982.70%	389.00	0.00%	1,080,279.39	5.30%	170,757.08	0.31%
Insurance EPL Premium	304,361.47	3087.14%	-	0.00%	304,361.82	1.49%	-	0.00%
Licenses Permits and Fees	-	0.00%	137.52	0.00%	2,906.74	0.01%	3,958.60	0.01%
Office Supplies Expense	(7,421.76)	-75.28%	5,122.34	0.05%	8,503.87	0.04%	21,630.82	0.04%
Life Insurance	6,880.98	69.79%	2,650.98	0.03%	16,114.70	0.08%	13,254.90	0.02%
Penalties	16.68	0.17%	68,010.01	0.69%	59,200.85	0.29%	689,044.63	1.24%
Postage & Mailing	-	0.00%	8,111.14	0.08%	9,294.60	0.05%	14,468.29	0.03%
Printing Cost	-	0.00%	1,238.39	0.01%	4,184.63	0.02%	11,787.65	0.02%
Rent Expense	2,000.00	20.29%	37,085.80	0.37%	124,046.28	0.61%	194,651.37	0.35%
Registration Fees	-	0.00%	(4,738.50)	-0.05%	46,777.43	0.23%	(4,628.81)	-0.01%
Taxes Corp State Income	-	0.00%	5,000.00	0.05%	5,000.00	0.02%	20,992.04	0.04%
Taxes FICA	3,261.73	33.08%	32,393.57	0.33%	68,017.76	0.33%	151,044.97	0.27%
Taxes State U/C	1,010.53	10.25%	8,782.15	0.09%	4,924.85	0.02%	42,304.98	0.08%
Taxes Federal U/C	60.01	0.61%	518.98	0.01%	441.25	0.00%	4,179.66	0.01%
Training Expenses	(10,177.28)	-103.23%	2,080.48	0.02%	5,668.29	0.03%	9,029.67	0.02%
Telephone Answering Service	-	0.00%	163.05	0.00%	618.60	0.00%	991.80	0.00%
Internet Access Charges	-	0.00%	4,327.32	0.04%	11,620.55	0.06%	22,857.91	0.04%
Telephone Expense	(45,096.53)	-457.41%	5,478.52	0.06%	(24,136.98)	-0.12%	30,460.20	0.05%
Cell Phone/Blackberry Expense	-	0.00%	5,110.46	0.05%	14,137.93	0.07%	25,843.56	0.05%

Consolidating Balance Sheet

Security Network Holdings U.S. Subsidiaries

For the Period Ending February 28, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Current Assets					
Cash	-	46,618.31	11,395.54	(58,013.85)	-
Accounts Receivable	2,462,689.10	-	(45,450.86)		2,417,238.24
Employees Loans Receivable	-	-	-		-
Inventory	-	-	476,590.80		476,590.80
Prepaid Expenses	726,648.30	-	928.12		727,576.42
Officer's Loans Receivable	-	1,000.00	1,000.00	(2,000.00)	-
Federal Tax Deposit	-	-	-		-
Total Current Assets	3,189,337.40	47,618.31	444,463.60	(60,013.85)	3,621,405.46
Property and Equipment					
Land, Building and Improvements	213,625.44	5,327,447.95	56,956.08		5,598,029.47
Office Furniture and Equipment	1,711,621.95	-	213,127.14		1,924,749.09
Transportation Equipment	-	-	-		-
Total Property and Equipment	1,925,247.39	5,327,447.95	270,083.22	-	7,522,778.56
Less Accumulated Depreciation	(1,925,247.39)	(1,656,417.15)	(259,162.37)		(3,840,826.91)
Net Property and Equipment	-	3,671,030.80	10,920.85	-	3,681,951.65
Other Assets					
Investment in Subsidiaries	-	-	-		-
Loans Receivable - Related Parties	1,482,080.79	(604,681.63)	-	(877,399.16)	-
Deposits - Other	218,160.95	-	12,753.04		230,913.99
Goodwill	-	-	-		-
Total Other Assets	1,700,241.74	(604,681.63)	12,753.04	(877,399.16)	230,913.99
Total Assets	4,889,579.14	3,113,967.48	468,137.49	(937,413.01)	7,534,271.10

Consolidating Balance Sheet
Security Network Holdings U.S. Subsidiaries
For the Period Ending February 28, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Current Liabilities					
Current Portion of Long Term Debt	-	2,901,522.13	-		2,901,522.13
Line of Credit	-	-	-		-
Bank Overdraft	(3,976,480.24)	-	-	(58,013.85)	(4,034,494.09)
Accounts Payable	6,020,993.81	-	248,890.26		6,269,884.07
Accrued Wages and Benefits	2,860,836.90	-	-		2,860,836.90
Accrued Insurance Liabilities	483,694.00	(17,220.90)	-		466,473.10
Other Accrued Expenses	2,035,294.43	122,660.24	1,611.67		2,159,566.34
Deferred Income Tax Payable	-	-	-		-
Dividend Payable	-	-	-		-
Deferred Compensation	-	-	-		-
Loan Payable - Officer	-	-	-		-
Total Current Liabilities	7,424,338.90	3,006,961.47	250,501.93	(58,013.85)	10,623,788.45
Long Term Debt					
Installment Loans - Net of Current Portion	(5,824.42)	-	-		(5,824.42)
Capitalized Lease Obligations - Net of Current Portion	-	-	-		-
Long Term Accrued Insurance Liabilities	-	-	-		-
Note Payable - Related Company	-	-	877,399.16	(877,399.16)	-
Loans Payable - Shareholders	1,652,578.36	-	-	(2,000.00)	1,650,578.36
Total Long Term Debt	1,646,753.94	-	877,399.16	(879,399.16)	1,644,753.94
Total Liabilities	9,071,092.84	3,006,961.47	1,127,901.09	(937,413.01)	12,268,542.39
Stockholders' Equity					
Controlling Interests					
Common Stock	1,250.00	-	1,000.00	(1,000.00)	1,250.00
Additional Paid-in Capital	-	-	-		-
Unearned ESOP Common Shares	(7,656,826.82)	-	-		(7,656,826.82)
Retained Earnings (Decifit)	(17,512,111.51)	35,847.88	(553,300.74)	1,000.00	(18,028,564.37)
Current Year to Date Income	20,986,174.63	71,158.13	(107,462.86)		20,949,869.90
Foreign Currency Translation Adjustments	-	-	-		-
Total Controlling Interests	(4,181,513.70)	107,006.01	(659,763.60)	-	(4,734,271.29)
Noncontrolling Interest in Subsidiary	-	-	-	-	-
Total Stockholders' Equity	(4,181,513.70)	107,006.01	(659,763.60)	-	(4,734,271.29)
Total Liabilities and Stockholders' Equity	4,889,579.14	3,113,967.48	468,137.49	(937,413.01)	7,534,271.10

~~Consolidating Statements of Income~~
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending February 28, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Revenues					
Uniformed Security	17,727,757.53	-	-		17,727,757.53
Patrol Vehicle	516,131.43	-	-		516,131.43
Special Services	1,710,006.38	-	-		1,710,006.38
Segway & Program Revenue (now in Patrol Veh.)	-	-	-		-
Other Revenues	420,919.25	-	-		420,919.25
Uniform Sales	-	-	538,206.46	(71,342.67)	466,863.79
CCTV Equipment Revenue	-	-	-		-
Rental Income	-	203,800.00	-	(95,033.33)	108,766.67
	<hr/>				
Total Revenues	20,374,814.59	203,800.00	538,206.46	(166,376.00)	20,950,445.05
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Cost of Goods and Services					
Guard Salaries	12,749,506.02	-	-		12,749,506.02
Other Salaries	2,458,569.93	-	-		2,458,569.93
Outside Services	253,433.29	-	-		253,433.29
Patrol Vehicle Expenses	305,053.32	-	-		305,053.32
Patrol Vehicle Amoritization	201,048.31	-	-		201,048.31
Cost of Goods Sold	-	-	510,568.31	(71,342.67)	439,225.64
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Total Cost of Goods and Services	15,967,610.87	-	510,568.31	(71,342.67)	16,406,836.51
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Gross Profit	4,407,203.72	203,800.00	27,638.15	(95,033.33)	4,543,608.54
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Operating Expenses (see below)	7,038,964.23	103,341.75	135,101.01	(95,033.33)	7,182,373.66
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Operating Income/(Loss)	(2,631,760.51)	100,458.25	(107,462.86)	-	(2,638,765.12)

~~Consolidating Statements of Income~~
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending February 28, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Other Income(Expense)					
Interest Income	851.43	-	-		851.43
Dividend Income	-	-	-		-
Gain on Disposal of Assets	23,801,312.98	-	-		23,801,312.98
Miscellaneous Income (Net)	680.57	-	-		680.57
Interest Expense	(179,909.84)	(29,300.12)	-		(209,209.96)
Equity in Income (Loss) of Subsidiaries	-	-	-		-
Total Other Expenses	23,622,935.14	(29,300.12)	-	-	23,593,635.02
Income (Loss) Before Taxes	20,991,174.63	71,158.13	(107,462.86)	-	20,954,869.90
Provision for Income Taxes	(5,000.00)		-		(5,000.00)
Income (Loss) Before Noncontrolling Interest	20,986,174.63	71,158.13	(107,462.86)	-	20,949,869.90
Noncontrolling Interest in Net Loss of Susidiary					
Discontinued Operations					
Loss from Operations of Discontinued Operations	-				-
Net Income/(Loss)	20,986,174.63	71,158.13	(107,462.86)	-	20,949,869.90

Consolidating Statements of Income
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending February 28, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Operating Expenses					
Wages and Salaries	561,561.91	-	-		561,561.91
Advertising and Promotion	59,100.12	-	1,987.05		61,087.17
Auto Expense	(55,581.75)	-	-		(55,581.75)
Auto Leasing	2,071.40	-	-		2,071.40
Bad Debts	46,447.39	-	10,000.00		56,447.39
Bank Charges	159,027.83	132.55	4,674.95		163,835.33
Client Development	134,465.25	-	499.31		134,964.56
Client Claims and Support	3,527.12	-	-		3,527.12
Commissions	61,058.53	-	-		61,058.53
Communications	127,003.27	-	6,356.66		133,359.93
Contract Labor	37,266.68	-	-		37,266.68
Contributions	-	-	-		-
Data Processing	-	-	-		-
Delivery, Shipping and Postage	38,331.52	-	1,771.16		40,102.68
Depreciation and Amoritization	220,187.15	45,345.45	9,500.00		275,032.60
Employment Expense	52,914.77	-	-		52,914.77
Entertainment	30,075.86	-	-		30,075.86
ESOP Compensation Expense	-	-	-		-
Equipment Leasing and Rental	3,234.99	-	-		3,234.99
Equipment Service Agreements	77,708.53	-	-		77,708.53
Equipment Repairs	12,861.82	-	3,815.66		16,677.48
Insurance	286,928.87	12,863.75	5,295.40		305,088.02
Insurance - Group	8,432.08	-	-		8,432.08
Janitorial and Maintenance	13,131.01	-	-		13,131.01
Licenses, Permits and Fees	11,799.56	-	-		11,799.56
Moving Expenses	2,280.12	-	-		2,280.12
Outside Salaries	-	-	686.00		686.00
Office Supplies and Expense	180,646.67	-	3,091.66		183,738.33
Printing	4,427.82	-	-		4,427.82
Professional Fees	3,124,834.77	-	4,000.00		3,128,834.77
Registration Fees	53,217.98	-	-		53,217.98
Rent	321,965.59	-	70,561.00	(95,033.33)	297,493.26
Staff & Sales Meetings	-	-	-		-
Taxes - Payroll	1,373,669.94	-	-		1,373,669.94

~~Consolidating Statements of Income~~

**Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending February 28, 2014**

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Property Taxes	-	45,000.00	-		45,000.00
Travel	(44,845.81)	-	926.89		(43,918.92)
Uniforms	113,441.24	-	-		113,441.24
Utilities	17,772.00	-	11,935.27		29,707.27
Total Operating Expenses	7,038,964.23	103,341.75	135,101.01	(95,033.33)	7,182,373.66