

UNITED STATES BANKRUPTCY COURT
 DISTRICT OF _____

In re IPC Int'l et al

Case No. 13-12050
 Reporting Period: 03-01-14 to 03-31-14

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.

[Signature]
 Signature of Debtor

5/12/14
 Date

[Signature]
 Signature of Joint Debtor

5/12/14
 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

March 31, 2014 and March 31, 2013

Unaudited

ASSETS

	<u>Current Year</u>	<u>Previous Year</u>
Current assets:		
Cash in Bank The Private Bank	2,583.89	6,874.69
Petty Cash	0.00	657.06
Note Receivable	1,000.00	1,000.00
Accounts Receivable	(13,168.28)	187,035.06
Allowance for Doubtful Accounts	0.00	(49,387.33)
Accounts Receivable Accrued	0.00	(6,826.73)
Inventory	0.00	1,433,180.76
Obsolete Inventory Reserve	0.00	(500,000.00)
Prepaid Expenses	0.00	13,876.27
Total current assets	<u>(9,584.39)</u>	<u>1,086,409.78</u>
Fixed assets:		
Leasehold Improvements	0.00	56,956.08
Office Furniture	0.00	85,116.06
Furniture and Equipment	0.00	114,779.88
Computer Equipment & Software	0.00	13,231.20
<i>Less accumulated depreciation</i>	<u>0.00</u>	<u>253,348.55</u>
Net Fixed assets:	0.00	16,734.67
Other assets:		
Deposit Lease	0.00	12,603.04
Deposit Utilities	0.00	150.00
	<u>0.00</u>	<u>12,753.04</u>
	<u>(9,584.39)</u>	<u>1,115,897.49</u>

Uniformity, Inc.**Balance Sheet**

March 31, 2014 and March 31, 2013

Unaudited**LIABILITY AND SHAREHOLDER'S EQUITY**

	Current Year	Previous Year
	<hr/>	<hr/>
Current liabilities:		
Accounts Payable Trade	227,891.20	441,664.23
Accounts Payable Clearing	0.00	38,007.05
Sales Tax W/H Illinois	0.00	7,094.24
Unearned Revenue	0.00	9,668.06
Total current liabilities	<hr/> 227,891.20	<hr/> 496,433.58
Long term liabilities:		
Loan Payable IPC	821,002.01	1,209,705.12
	<hr/> 821,002.01	<hr/> 1,209,705.12
Shareholder's equity:		
Common Stock Outstanding	1,000.00	1,000.00
Retained Earnings	(553,300.74)	(600,060.40)
Profit (loss) for period	(506,176.86)	8,819.19
Total shareholder's equity	<hr/> (1,058,477.60)	<hr/> (590,241.21)
	<hr/> (9,584.39)	<hr/> 1,115,897.49
	<hr/> <hr/>	<hr/> <hr/>

Uniformity, Inc.**Statement of Earnings**

For The 6 Periods Ending March 31, 2014 and March 31, 2013

Unaudited

	Current Month	%	Prior Year Month	%	Current Year Year-To-Date	%	Prior Year Year-To-Date	%
Revenue:								
Shirts Revenue	0.00	0.00%	58,667.07	30.89%	158,565.70	29.01%	428,956.26	31.61%
Pants Revenue	0.00	0.00%	42,621.95	22.44%	103,579.07	18.95%	303,195.17	22.34%
Shoes Revenue	0.00	0.00%	4,532.10	2.39%	18,454.72	3.38%	26,934.40	1.98%
Leather Revenue	0.00	0.00%	8,726.33	4.59%	16,972.93	3.11%	65,074.11	4.80%
Other Revenue	8,452.39	100.00%	75,795.96	39.91%	263,448.67	48.20%	572,309.97	42.17%
Shipping Revenue	0.00	0.00%	5,633.00	2.97%	7,795.81	1.43%	50,577.60	3.73%
Sales Discounts & Allowances	0.00	0.00%	(6,056.16)	-3.19%	(22,227.05)	-4.07%	(90,005.57)	-6.63%
Total Revenue:	8,452.39	100.00%	189,920.25	100.00%	546,589.85	100.00%	1,357,041.94	100.00%
COGS:								
COGS Shirts	0.00	0.00%	45,496.23	23.96%	219,280.44	40.12%	302,667.06	22.30%
COGS Pants	0.00	0.00%	32,616.16	17.17%	132,216.44	24.19%	243,686.93	17.96%
COGS Shoes	0.00	0.00%	3,184.74	1.68%	35,870.27	6.56%	17,975.96	1.32%
COGS Leather	0.00	0.00%	7,038.39	3.71%	23,499.64	4.30%	50,846.61	3.75%
COGS Other	67.17	0.79%	57,875.00	30.47%	234,694.69	42.94%	436,405.98	32.16%
COGS Shipping	0.00	0.00%	9,077.22	4.78%	19,328.96	3.54%	67,770.04	4.99%
Purchase Returns & Allowances	0.00	0.00%	(2,232.42)	-1.18%	(155,456.46)	-28.44%	(7,462.60)	-0.55%
Total Cost of Sales:	67.17	0.79%	153,055.32	80.59%	509,433.98	93.20%	1,111,889.98	81.93%
Gross profit	8,385.22	99.21%	36,864.93	19.41%	37,155.87	6.80%	245,151.96	18.07%
Operating Expenses:								
	0.00	0.00%	4,492.11	2.37%	1,662.53	0.30%	17,975.30	1.32%
Sales/Marketing Expenses:								
	732.00	0.00%	3,516.84	1.85%	3,424.17	0.63%	11,740.91	0.87%
General Administrative Expenses:								
	27,445.73	0.00%	28,725.71	15.13%	159,393.54	29.16%	207,444.73	15.29%
Total Expenses:	28,177.73	0.00%	36,734.66	19.34%	164,480.24	30.09%	237,160.94	17.48%
Other income and expenses:								
Interest Income	0.00	0.00%	0.00	0.00%	0.00	0.00%	291.36	0.02%
Miscellaneous Income	(378,921.49)	-4483.01%	0.00	0.00%	(378,852.49)	-69.31%	536.81	0.04%
	(378,921.49)	-4483.01%	0.00	0.00%	(378,852.49)	-69.31%	828.17	0.06%
Earnings (loss) before income taxes	(378,921.49)	-4483.01%	0.00	0.00%	(378,852.49)	-69.31%	828.17	0.06%
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	(398,714.00)	-4383.80%	130.27	0.07%	(506,176.86)	-92.61%	8,819.19	0.65%
Operating Expense Schedule Detail:								
Administrative Salaries	0.00	0.00%	0.00	0.00%	686.00	0.13%	43,760.40	3.22%
Advertising/Promotion Expense	732.00	8.66%	836.00	0.44%	2,719.05	0.50%	1,635.26	0.12%
Marketing Trade Show Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	511.90	0.04%
Bad Debt Expense	0.00	0.00%	2,000.00	1.05%	10,000.00	1.83%	12,000.00	0.88%
Merchant Processing Fees	617.74	7.31%	339.38	0.18%	5,292.69	0.97%	2,142.31	0.16%
Contributions	0.00	0.00%	0.00	0.00%	0.00	0.00%	843.46	0.06%
Shipping Supplies Expense	0.00	0.00%	2,509.33	1.32%	1,372.53	0.25%	9,510.14	0.70%
Depreciation	0.00	0.00%	1,900.00	1.00%	9,500.00	1.74%	11,400.00	0.84%
Dues & Subscription Expense	0.00	0.00%	0.00	0.00%	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	480.00	5.68%	480.00	0.25%	960.00	0.18%	1,504.00	0.11%
Service Agreement Expense	390.51	4.62%	493.32	0.26%	3,726.17	0.68%	2,593.12	0.19%
Equipment / Supplies Expense	0.00	0.00%	2,329.14	1.23%	1,201.50	0.22%	10,200.22	0.75%
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%	156.37	0.08%	499.31	0.09%	1,617.15	0.12%
Corporate Air Fare	0.00	0.00%	45.00	0.02%	0.00	0.00%	344.59	0.03%
Corporate Auto Rental	0.00	0.00%	277.63	0.15%	0.00	0.00%	277.63	0.02%
Gas / Tolls / Parking	0.00	0.00%	1,680.69	0.88%	926.89	0.17%	5,196.44	0.38%
Corporate Lodging	0.00	0.00%	254.19	0.13%	0.00	0.00%	680.20	0.05%
Flowers Gifts	0.00	0.00%	0.00	0.00%	0.00	0.00%	104.24	0.01%
Business Insurance	0.00	0.00%	1,142.17	0.60%	5,295.40	0.97%	6,853.02	0.50%
Computer Consulting	0.00	0.00%	250.00	0.13%	250.00	0.05%	1,998.46	0.15%
Accounting Fees	0.00	0.00%	750.00	0.39%	3,750.00	0.69%	4,500.00	0.33%
Office Supplies Expense	1,490.29	17.63%	1,965.35	1.03%	4,475.98	0.82%	9,661.68	0.71%
Penalties	0.00	0.00%	523.94	0.28%	0.97	0.00%	793.20	0.06%
Postage & Mailing Expense	95.41	1.13%	0.00	0.00%	494.04	0.09%	1,749.08	0.13%
Printing Costs	0.00	0.00%	0.00	0.00%	0.00	0.00%	1,029.48	0.08%
Rent Expense	20,589.70	243.60%	14,112.20	7.43%	91,150.70	16.68%	83,195.20	6.13%
Internet Expense	0.00	0.00%	29.95	0.02%	1,017.61	0.19%	490.63	0.04%
Telephone Expense	0.00	0.00%	1,152.71	0.61%	4,718.55	0.86%	5,734.39	0.42%
Cell Phone / Blackberry Expense	0.00	0.00%	445.01	0.23%	620.50	0.11%	1,738.85	0.13%
Uniform Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	119.37	0.01%
Utilities Expense	3,782.08	44.75%	3,062.28	1.61%	15,717.35	2.88%	14,105.52	1.04%
Total Cost and Expenses:	28,177.73	333.37%	36,734.66	19.34%	164,480.24	30.09%	237,160.94	17.48%

Shipping Supplies Expense	0.00	0.00%	2,509.33	1.32%	1,372.53	0.25%	9,510.14	0.70%
Equipment / Supplies Expense	0.00	0.00%	1,982.78	1.04%	290.00	0.05%	7,526.54	0.55%
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%	4,492.11	2.37%	1,662.53	0.30%	17,975.30	1.32%
Advertising/Promotion Expense	732.00	8.66%	836.00	0.44%	2,719.05	0.50%	1,635.26	0.12%
Marketing Trade Show Expense	0.00	0.00%	0.00	0.00%	0.00	0.00%	511.90	0.04%
Contributions	0.00	0.00%	0.00	0.00%	0.00	0.00%	843.46	0.06%
Dues & Subscription Expense	0.00	0.00%	0.00	0.00%	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	0.01%
Meals	0.00	0.00%	117.22	0.06%	102.24	0.02%	332.79	0.02%
Corporate Air Fare	0.00	0.00%	45.00	0.02%	0.00	0.00%	344.59	0.03%
Corporate Auto Rental	0.00	0.00%	277.63	0.15%	0.00	0.00%	277.63	0.02%
Gas / Tolls / Parking	0.00	0.00%	1,680.69	0.88%	352.00	0.06%	5,089.54	0.38%
Corporate Lodging	0.00	0.00%	254.19	0.13%	0.00	0.00%	680.20	0.05%
Office Supplies Expense	0.00	0.00%	7.88	0.00%	0.00	0.00%	7.88	0.00%
Cell Phone / Blackberry Expense	0.00	0.00%	298.23	0.16%	250.88	0.05%	1,441.76	0.11%
Total Sales/Marketing Expenses Detail:	732.00	8.66%	3,516.84	1.85%	3,424.17	0.63%	11,740.91	0.87%
Administrative Salaries	0.00	0.00%	0.00	0.00%	686.00	0.13%	43,760.40	3.22%
Bad Debt Expense	0.00	0.00%	2,000.00	1.05%	10,000.00	1.83%	12,000.00	0.88%
Merchant Processing Fees	617.74	7.31%	339.38	0.18%	5,292.69	0.97%	2,142.31	0.16%
Depreciation	0.00	0.00%	1,900.00	1.00%	9,500.00	1.74%	11,400.00	0.84%
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	480.00	5.68%	480.00	0.25%	960.00	0.18%	1,504.00	0.11%
Service Agreement Expense	390.51	4.62%	493.32	0.26%	3,726.17	0.68%	2,593.12	0.19%
Equipment / Supplies Expense	0.00	0.00%	346.36	0.18%	911.50	0.17%	2,487.78	0.18%
Meals	0.00	0.00%	39.15	0.02%	397.07	0.07%	937.25	0.07%
Gas / Tolls / Parking	0.00	0.00%	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	0.00	0.00%	1,142.17	0.60%	5,295.40	0.97%	6,853.02	0.50%
Computer Consulting	0.00	0.00%	250.00	0.13%	250.00	0.05%	1,998.46	0.15%
Accounting Fees	0.00	0.00%	750.00	0.39%	3,750.00	0.69%	4,500.00	0.33%
Office Supplies Expense	1,490.29	17.63%	1,957.47	1.03%	4,475.98	0.82%	9,481.66	0.70%
Penalties	0.00	0.00%	523.94	0.28%	0.97	0.00%	793.20	0.06%
Postage & Mailing Expense	95.41	1.13%	0.00	0.00%	494.04	0.09%	1,749.08	0.13%
Printing Costs	0.00	0.00%	0.00	0.00%	0.00	0.00%	1,029.48	0.08%
Rent Expense	20,589.70	243.60%	14,112.20	7.43%	91,150.70	16.68%	83,195.20	6.13%
Internet Expense	0.00	0.00%	29.95	0.02%	1,017.61	0.19%	490.63	0.04%
Telephone Expense	0.00	0.00%	1,152.71	0.61%	4,718.55	0.86%	5,734.39	0.42%
Cell Phone / Blackberry Expense	0.00	0.00%	146.78	0.08%	369.62	0.07%	297.09	0.02%
Utilities Expense	3,782.08	44.75%	3,062.28	1.61%	15,717.35	2.88%	14,105.52	1.04%
Total Administrative Expenses Detail:	27,445.73	324.71%	28,725.71	15.13%	159,393.54	29.16%	207,444.73	15.29%

IPC International Realty LLC

Balance Sheet

As Of March 31, 2014

Unaudited

	<u>Current Year</u>	<u>Previous Year</u>
<u>ASSETS</u>		
Current Assets:		
Operating Account The Private Ban	13,366.56	0.00
Note Receivable	1,000.00	1,000.00
Prepaid Insurance	12,915.67	0.00
Total Current Assets	<u>27,282.23</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>1,665,486.24</u>	<u>1,556,657.16</u>
Net Fixed Assets	<u>3,661,961.71</u>	<u>3,770,790.79</u>
Other assets:		
Total Other Assets	<u>0.00</u>	<u>0.00</u>
	<u><u>3,689,243.94</u></u>	<u><u>3,771,790.79</u></u>

IPC International Realty LLC

Balance Sheet

As Of March 31, 2014

Unaudited

	<u>Current Year</u>	<u>Previous Year</u>
<u>LIABILITY AND SHAREHOLDER'S EQUITY</u>		
Current Liabilities:		
Note Payable IPC	659,681.63	(839,210.18)
Property Tax Liability	131,660.24	130,207.55
Total Current Liabilities	<u>791,341.87</u>	<u>(709,002.63)</u>
Long Term Liabilities:		
Note Payable Building	2,833,867.12	4,479,999.96
Total Long Term Liabilities	<u>2,833,867.12</u>	<u>4,479,999.96</u>
Shareholder's Equity:		
Retained Earnings	35,847.88	788.11
Profit (loss) for period	28,187.07	5.35
Total shareholder's equity	<u>64,034.95</u>	<u>793.46</u>
	<u><u>3,689,243.94</u></u>	<u><u>3,771,790.79</u></u>

IPC International Realty LLC

Statement of Earnings

For The 6 Periods Ending March 31, 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	24.17	156.72
Depreciation Expense	9,069.09	54,414.54
Business Insurance	4,305.23	17,168.98
Interest Expense	20,572.57	49,872.69
Property Tax Expense	9,000.00	54,000.00
	<u>42,971.06</u>	<u>175,612.93</u>
Earnings (loss) from operations	(42,971.06)	28,187.07
Other income and expenses:		
	<u>0.00</u>	<u>0.00</u>
Earnings (loss) before income taxes	(42,971.06)	28,187.07
Provision for income taxes:		
	<u>0.00</u>	<u>0.00</u>
Net earnings (loss) for period	<u>(42,971.06)</u>	<u>28,187.07</u>

IPC International Corporation
Comparative Balance Sheet
3/31/2014

Unaudited

ASSETS

	CURRENT YEAR	PREVIOUS YEAR
CURRENT ASSETS:		
Cash In Banks	2,272,445.41	(975,833.88)
Accounts Receivable	1,609,095.38	12,264,829.58
Employee Loans	-	(273.22)
Uniform Supplies	-	250,000.00
Prepaid Insurance Other	3,799,307.65	1,132,450.97
Prepaid Expenses Other	709,797.80	163,355.87
Prepaid Expenses Mall Startup	-	63,518.72
TOTAL CURRENT ASSETS	8,390,646.24	12,898,048.04
 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	-	4,919,118.29
Total Property & Equipment	1,925,247.39	10,755,970.63
Less: Accumulated Depreciation	1,925,247.39	7,748,221.43
NET PROPERTY & EQUIPMENT	-	3,007,749.20
 OTHER ASSETS:		
Deposits	209,407.40	240,227.80
Long Term Note Receivable - IPC Realty Company, LLC	659,681.63	(839,210.18)
Long Term Note Receivable - Uniformity, Inc.	821,002.01	1,209,705.12
TOTAL OTHER ASSETS	1,690,091.04	610,722.74
 TOTAL ASSETS	10,080,737.28	16,516,519.98

IPC International Corporation
Comparative Balance Sheet
3/31/2014

LIABILITIES AND SHAREHOLDERS' EQUITY

	CURRENT YEAR	PREVIOUS YEAR
CURRENT LIABILITIES:		
Accounts Payable	5,853,010.71	4,531,557.16
Accrued Insurance/Rent Liabilities	93,086.55	(21,154.72)
Accrued Other Liabilities	135,673.66	206,522.27
Line of Credit	-	5,575,911.52
GL Liability Reserve	-	8,547,690.42
WC Liability Reserve	1,960,736.27	2,432,736.83
Auto Liability Reserve	42,993.70	50,000.00
Health Liability Reserve	(78,228.60)	602,457.01
UPS Prefunded Liability	1,706,253.87	-
Installment Loans / Notes - Current Portion	-	7,323,595.00
Accrued Payroll Taxes / Benefits / 401K / Uniforms	2,632,260.90	2,704,225.00
Sales Tax W/H - CA Licensing	-	217,321.17
Exchange Account	-	(1,248.83)
Garnish Exchange	-	4,452.97
Accrued U/C Taxes	212,703.34	1,158,517.80
Accrued Vacation Wages	-	750,000.00
Accrued Wages	-	3,281,124.97
TOTAL CURRENT LIABILITIES	12,558,490.40	37,363,708.57
 LONG TERM DEBT		
Installment loans	-	2,823,469.55
Loans from Officers	1,652,578.36	1,652,578.36
Note Payable - LaSalle - IPC International ESOP	-	5,961,794.91
Total	1,652,578.36	10,437,842.82
<i>Less-Current Portion</i>	-	(7,323,595.00)
TOTAL LONG TERM DEBT	1,652,578.36	3,114,247.82
 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	21,037,356.85	(306,352.23)
TOTAL SHAREHOLDERS' EQUITY	(4,130,331.48)	(23,961,436.41)
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 10,080,737.28	 16,516,519.98

IPC International Corporation

Consolidated Income Statement

Comparative Statement of Income and Expense

For the 1 Month and 6 Months Then Ended 3/31/2014

Unaudited

	CURRENT		PRIOR YEAR		CURRENT		PRIOR YEAR	
	MONTH	%	MONTH	%	YTD	%	YTD	%
REVENUE								
Uniformed Security	-	0.00%	9,512,072.36	87.15%	17,577,945.32	86.27%	57,774,587.53	86.96%
Healthcare Revenue	-	0.00%	71,551.25	0.66%	191,172.95	0.94%	425,135.05	0.64%
Patrol Vehicle Revenue	-	0.00%	260,097.80	2.38%	515,606.43	2.53%	1,491,690.76	2.25%
Special Services	-	0.00%	902,293.42	8.27%	1,710,006.38	8.39%	5,607,665.81	8.44%
Other Revenue	-	0.00%	135,099.15	1.24%	300,243.23	1.47%	951,544.33	1.43%
Segway Revenues	-	0.00%	975.00	0.01%	525.00	0.00%	6,900.00	0.01%
K 9 Revenue	-	0.00%	55,180.42	0.51%	104,796.75	0.51%	319,352.94	0.48%
Program Revenue	-	0.00%	7,836.64	0.07%	15,639.27	0.08%	66,103.44	0.10%
Consulting Fees	-	0.00%	-	0.00%	240.00	0.00%	63.50	0.00%
Sales Discounts	-	0.00%	(30,618.47)	-0.28%	(41,360.74)	-0.20%	(205,818.07)	-0.31%
TOTAL REVENUE	-	0.00%	10,914,487.57	100.00%	20,374,814.59	100.00%	66,437,225.29	100.00%
COST OF SERVICES								
Guard Salaries	2,592.31	0.00%	5,783,754.58	52.99%	10,978,595.28	53.88%	34,556,450.70	52.01%
Other Salaries	33,360.74	0.00%	1,248,929.07	11.44%	2,491,930.67	12.23%	7,424,662.63	11.18%
Vacation Salaries	-	0.00%	155,168.55	1.42%	1,168,748.00	5.74%	808,082.23	1.22%
Holiday Salaries	-	0.00%	65,189.66	0.60%	54,518.24	0.27%	1,002,319.82	1.51%
Sick Salaries	-	0.00%	28,818.46	0.26%	43,593.60	0.21%	174,735.11	0.26%
Training Salaries	-	0.00%	41,284.98	0.38%	104,612.45	0.51%	239,528.99	0.36%
Outside Guard Service	-	0.00%	99,437.79	0.91%	253,433.29	1.24%	736,023.40	1.11%
Patrol Vehicle Maintenance Exp	-	0.00%	27,307.15	0.25%	67,119.09	0.33%	180,401.83	0.27%
Patrol Vehicle Fuel Expense	-	0.00%	94,988.22	0.87%	166,809.84	0.82%	593,118.93	0.89%
Patrol Vehicle Equipment Exp	-	0.00%	5,011.89	0.05%	12,078.97	0.06%	42,203.51	0.06%
Patrol Vehicle Rental Expense	-	0.00%	4,890.72	0.04%	31,976.47	0.16%	54,383.88	0.08%
Bicycle Patrol Expense	-	0.00%	187.44	0.00%	3,869.48	0.02%	10,698.27	0.02%
Segway T3 Patrol Expense	-	0.00%	593.68	0.01%	3,445.06	0.02%	8,203.19	0.01%
Golf Cart Repair Expense	-	0.00%	1,661.93	0.02%	14,716.07	0.07%	28,960.22	0.04%
Patrol Vehicle Leasing	-	0.00%	19,306.54	0.18%	4,151.23	0.02%	72,931.47	0.11%
Patrol Vehicle Leasing Depr Exp	-	0.00%	98,556.11	0.90%	201,048.31	0.99%	607,923.73	0.92%
Patrol Vehicle Leasing Interest Exp	-	0.00%	21,085.61	0.19%	40,409.34	0.20%	132,962.90	0.20%
Overtime Salaries Billed	-	0.00%	36,080.17	0.33%	57,008.04	0.28%	405,822.29	0.61%
Overtime Salaries Non Billed	-	0.00%	106,958.23	0.98%	345,379.12	1.70%	640,384.03	0.96%
TOTAL COST OF SERVICES	35,953.05	0.00%	7,839,210.78	71.82%	16,043,442.55	78.74%	47,719,797.13	71.83%
GROSS PROFIT	(35,953.05)	0.00%	3,075,276.79	28.18%	4,331,372.04	21.26%	18,717,428.16	28.17%
OPERATING EXPENSES - SEE SCHEDULE A	(95,997.25)	0.00%	2,696,483.80	24.71%	3,903,744.44	19.16%	14,634,707.70	22.03%
NET INCOME FROM OPERATIONS	60,044.20	0.00%	378,792.99	3.47%	427,627.60	2.10%	4,082,720.46	6.15%
GENERAL AND ADMINISTRATIVE EXPENSES - SEE SCHEDULE B	115,446.84	0.00%	347,303.79	3.18%	3,299,700.59	16.19%	4,524,716.37	6.81%
OTHER INCOME / EXPENSE								
Interest Income	-	0.00%	7,678.52	0.07%	851.43	0.00%	7,680.09	0.01%
Gain Loss Sale of Assets	-	0.00%	18,257.32	0.17%	23,801,312.98	116.82%	76,769.28	0.12%
Miscellaneous Income	106,584.86	0.00%	3,028.87	0.03%	107,265.43	0.53%	51,194.31	0.08%
TOTAL OTHER INCOME / EXPENSE	106,584.86	0.00%	28,964.71	0.27%	23,909,429.84	117.35%	135,643.68	0.20%
NET INCOME BEFORE TAXES	51,182.22	0.00%	60,453.91	0.55%	21,037,356.85	103.25%	(306,352.23)	-0.46%
NET INCOME	51,182.22	0.00%	60,453.91	0.55%	21,037,356.85	103.25%	(306,352.23)	-0.46%

IPC International Corporation

Consolidated Income Statement

Schedule of Operating Expenses

(Schedule A)

For the 1 Month and 6 Months Then Ended 3/31/2014

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%	16,625.27	0.15%	34,152.14	0.17%	96,201.11	0.14%
Annual Reports/Franchise Fees	-	0.00%	88.25	0.00%	492.50	0.00%	1,553.79	0.00%
Awards & Bonus Expense	-	0.00%	-	0.00%	150.00	0.00%	-	0.00%
Bad Debt Expense	-	0.00%	413,389.82	3.79%	46,094.01	0.23%	535,705.03	0.81%
Contributions	-	0.00%	116.16	0.00%	-	0.00%	1,816.16	0.00%
Client Claims	-	0.00%	1,784.42	0.02%	3,527.12	0.02%	7,711.06	0.01%
Delivery and Shipping	-	0.00%	11,966.98	0.11%	26,038.84	0.13%	81,574.97	0.12%
Shipping Supplies	-	0.00%	84.57	0.00%	182.53	0.00%	181.50	0.00%
Dues & Subscriptions	-	0.00%	410.80	0.00%	520.00	0.00%	2,178.18	0.00%
Employment Expenses	-	0.00%	-	0.00%	-	0.00%	261.00	0.00%
Employment Exp Advertising	-	0.00%	1,707.50	0.02%	2,664.14	0.01%	9,233.34	0.01%
Employment Exp Drug Testing	-	0.00%	4,402.50	0.04%	7,105.75	0.03%	27,205.50	0.04%
Employment Exp Bckgnd/Cr Chk	-	0.00%	11,622.95	0.11%	15,992.72	0.08%	67,432.17	0.10%
Equipment Leasing and Rental	-	0.00%	1,927.48	0.02%	1,587.99	0.01%	14,342.60	0.02%
Service Agreement Expense	-	0.00%	-	0.00%	311.61	0.00%	396.09	0.00%
Equipment / Supplies	-	0.00%	13,607.67	0.12%	41,911.63	0.21%	77,458.13	0.12%
Computer Equipment/Supplies	-	0.00%	1,423.97	0.01%	1,133.99	0.01%	4,507.38	0.01%
Equipment Repair & Maintenance	-	0.00%	118.35	0.00%	11,933.56	0.06%	2,781.67	0.00%
Education Expense	-	0.00%	24.89	0.00%	-	0.00%	53.09	0.00%
Client Development	-	0.00%	76,247.44	0.70%	124,819.52	0.61%	361,429.04	0.54%
Flowers Gifts	-	0.00%	-	0.00%	287.74	0.00%	538.35	0.00%
Insurance G/L Premium	-	0.00%	144,228.51	1.32%	637,136.36	3.13%	872,027.13	1.31%
Insurance G/L Claims	-	0.00%	175,000.00	1.60%	25,000.00	0.12%	1,050,000.00	1.58%
Insurance W/C Premium	0.01	0.00%	228,143.36	2.09%	487,406.41	2.39%	1,382,272.06	2.08%
Insurance W/C Claims	-	0.00%	-	0.00%	46,764.01	0.23%	-	0.00%
Insurance Auto Premium	-	0.00%	30,809.75	0.28%	83,043.23	0.41%	181,488.36	0.27%
Insurance Auto Claims	500.00	0.00%	12,335.67	0.11%	4,430.64	0.02%	61,385.90	0.09%
Insurance EPL Claims	-	0.00%	36,335.40	0.33%	3,791.50	0.02%	581,988.99	0.88%
Insurance Health Premium BCBS	-	0.00%	(91,062.50)	-0.83%	(128,684.86)	-0.63%	(390,652.42)	-0.59%
Insurance Health Premium AW	-	0.00%	223.82	0.00%	3,744.24	0.02%	75,218.04	0.11%
Insurance Health Premium Other	4.75	0.00%	27,388.82	0.25%	51,572.34	0.25%	133,077.51	0.20%
Insurance Health Claims	-	0.00%	132,275.00	1.21%	212,840.64	1.04%	859,500.00	1.29%
Cleaning / Janitorial Service	-	0.00%	82.50	0.00%	-	0.00%	82.50	0.00%
Commission Expense	-	0.00%	31,016.61	0.28%	61,058.53	0.30%	233,533.21	0.35%
Accounting Fees	-	0.00%	-	0.00%	-	0.00%	275.00	0.00%
Legal Fees	-	0.00%	4,775.22	0.04%	(430.70)	0.00%	10,196.57	0.02%
Insurance EPL Premium	-	0.00%	14,084.67	0.13%	25,761.84	0.13%	84,508.02	0.13%
Licenses Permits and Fees	-	0.00%	8,320.31	0.08%	8,892.82	0.04%	50,890.59	0.08%
Patrol Veh Licensing/Fees	-	0.00%	559.35	0.01%	887.11	0.00%	2,779.43	0.00%
Moving Expenses	-	0.00%	1,244.87	0.01%	2,280.12	0.01%	12,238.39	0.02%
Office Supplies Expense	-	0.00%	19,060.59	0.17%	44,512.88	0.22%	155,346.26	0.23%
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	-	0.00%	-	0.00%	501.04	0.00%	97.30	0.00%
Postage & Mailing	-	0.00%	676.02	0.01%	2,453.73	0.01%	3,271.11	0.00%
Printing Cost	-	0.00%	367.83	0.00%	243.19	0.00%	2,026.07	0.00%
Rent Expense	(100,253.46)	0.00%	101,714.88	0.93%	97,665.85	0.48%	620,411.78	0.93%
Registration Fees	-	0.00%	11,535.43	0.11%	5,877.05	0.03%	68,076.83	0.10%
Taxes Corp State Income	-	0.00%	98.12	0.00%	-	0.00%	-	0.00%
Taxes FICA	2,741.58	0.00%	559,867.43	5.13%	1,145,477.04	5.62%	3,391,446.47	5.10%
Taxes State U/C	1,030.11	0.00%	225,563.19	2.07%	184,642.65	0.91%	1,148,401.53	1.73%
Taxes Federal U/C	152.44	0.00%	61,875.17	0.57%	(25,909.48)	-0.13%	273,314.03	0.41%
Training Expenses	-	0.00%	7,279.65	0.07%	1,848.79	0.01%	25,120.25	0.04%
Internet Access Charges	-	0.00%	12,370.51	0.11%	23,308.74	0.11%	65,524.38	0.10%
Telephone Expense	(288.30)	0.00%	9,390.11	0.09%	19,756.66	0.10%	52,251.40	0.08%
Cell Phone/Blackberry Expense	-	0.00%	33,426.36	0.31%	81,409.47	0.40%	194,079.96	0.29%
Travel Expenses	115.62	0.00%	211.90	0.00%	1,574.69	0.01%	3,582.55	0.01%
Uniform Cleaning & Alterations	-	0.00%	584.71	0.01%	1,210.37	0.01%	5,275.32	0.01%
Uniform Expense	-	0.00%	53,398.88	0.49%	103,144.44	0.51%	401,218.66	0.60%
Utilities Expense	-	0.00%	-	0.00%	-	0.00%	(1,082.19)	0.00%
Startup Expenses	-	0.00%	16,964.59	0.16%	7,558.32	0.04%	114,128.24	0.17%
Management Expense	-	0.00%	270,788.05	2.48%	298,036.25	1.46%	1,618,462.81	2.44%
TOTAL OPERATING EXPENSES								
	(95,997.25)	0.00%	2,696,483.80	24.71%	3,903,744.44	19.16%	14,634,707.70	22.03%

IPC International Corporation

Consolidated Income Statement

Schedule of General & Administrative Expenses

(Schedule B)

For the 1 Month and 6 Months Then Ended 3/31/2014

Unaudited

	CURRENT		PRIOR YEAR		CURRENT		PRIOR YEAR	
	MONTH	%	MONTH	%	YTD	%	YTD	%
GENERAL AND ADMINISTRATIVE EXPENSES								
Administrative Salaries	78,462.07	0.00%	483,247.99	4.43%	575,361.44	2.82%	2,824,332.19	4.25%
Contract Labor	4,877.63	0.00%	-	0.00%	42,144.31	0.21%	3,211.50	0.00%
Advertising/Promotion Expense	-	0.00%	-	0.00%	-	0.00%	275.00	0.00%
Marketing Trade Show Expenses	-	0.00%	32.74	0.00%	24,947.98	0.12%	32.74	0.00%
Annual Reports/Franchise Fees	4,855.00	0.00%	202.50	0.00%	4,926.00	0.02%	677.50	0.00%
Auto Expense	-	0.00%	1,263.21	0.01%	(55,581.75)	-0.27%	4,342.36	0.01%
Auto Leasing Expense	-	0.00%	537.14	0.00%	2,071.40	0.01%	2,150.25	0.00%
Auto Leasing Depr. Exp	-	0.00%	9,418.17	0.09%	16,802.03	0.08%	50,262.36	0.08%
Auto Leasing Interest Exp	-	0.00%	2,240.06	0.02%	3,416.45	0.02%	12,198.72	0.02%
Awards & Bonus Expense	-	0.00%	4,802.50	0.04%	-	0.00%	4,802.50	0.01%
Bad Debt Expense	-	0.00%	173.77	0.00%	353.38	0.00%	1,277.40	0.00%
Bank Charges	17,230.87	0.00%	10,735.57	0.10%	174,095.39	0.85%	101,342.67	0.15%
Merchant Processing Fees	-	0.00%	745.43	0.01%	2,163.31	0.01%	3,697.76	0.01%
Contributions	-	0.00%	-	0.00%	-	0.00%	17,000.00	0.03%
Delivery and Shipping	561.49	0.00%	215.63	0.00%	917.71	0.00%	956.26	0.00%
Shipping Supplies	-	0.00%	15.46	0.00%	5.60	0.00%	2,462.80	0.00%
Depreciation	-	0.00%	23,000.00	0.21%	203,385.12	1.00%	138,000.00	0.21%
Dues & Subscriptions	214.62	0.00%	1,855.19	0.02%	9,216.18	0.05%	10,950.49	0.02%
Employment Exp Employee Records	-	0.00%	250.95	0.00%	8,530.05	0.04%	1,721.90	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	-	0.00%	-	0.00%	10,395.21	0.05%	(730.85)	0.00%
Equipment Leasing and Rental	-	0.00%	195.00	0.00%	1,647.00	0.01%	3,821.04	0.01%
Service Agreement Expense	13,768.19	0.00%	26,488.54	0.24%	91,165.11	0.45%	176,137.05	0.27%
Equipment / Supplies	2,244.68	0.00%	990.86	0.01%	12,348.67	0.06%	10,491.48	0.02%
Computer Equipment/Supplies	-	0.00%	5,139.34	0.05%	5,256.86	0.03%	41,968.85	0.06%
Equipment Repair & Maintenance	-	0.00%	103.09	0.00%	928.26	0.00%	3,516.22	0.01%
Education Expense	-	0.00%	877.00	0.01%	-	0.00%	947.00	0.00%
Client Development	-	0.00%	3,351.00	0.03%	2,031.37	0.01%	36,133.96	0.05%
Meals	-	0.00%	6,050.30	0.06%	10,013.55	0.05%	17,091.29	0.03%
Corporate Air Fare	-	0.00%	4,816.72	0.04%	26,140.06	0.13%	27,108.52	0.04%
Corporate Auto Rental	-	0.00%	1,006.61	0.01%	2,991.90	0.01%	7,416.61	0.01%
Gas / Tolls / Parking	5,394.71	0.00%	3,983.67	0.04%	7,890.27	0.04%	22,596.92	0.03%
Corporate Lodging	-	0.00%	2,835.93	0.03%	10,303.38	0.05%	17,103.97	0.03%
Flowers Gifts	-	0.00%	-	0.00%	1,282.39	0.01%	3,188.34	0.00%
Insurance G/L Premium	-	0.00%	3,436.42	0.03%	11,653.54	0.06%	20,109.43	0.03%
Insurance G/L Claims	-	0.00%	-	0.00%	(1,361,746.63)	-6.68%	-	0.00%
Insurance W/C Premium	-	0.00%	1,278.62	0.01%	3,734.32	0.02%	50,482.83	0.08%
Insurance Auto Premium	-	0.00%	2,158.17	0.02%	5,265.70	0.03%	61,917.93	0.09%
Insurance Auto Claims	(1,000.00)	0.00%	956.87	0.01%	(161.86)	0.00%	2,698.67	0.00%
Insurance Business	-	0.00%	5,370.41	0.05%	9,988.00	0.05%	32,222.46	0.05%
Insurance EPL Claims	-	0.00%	-	0.00%	-	0.00%	4,901.00	0.01%
Insurance Health Premium BCBS	2,472.35	0.00%	(20,682.35)	-0.19%	(18,421.55)	-0.09%	(79,764.15)	-0.12%
Insurance Health Premium AW	-	0.00%	2,419.79	0.02%	6,488.05	0.03%	12,390.87	0.02%
Insurance Health Premium Other	-	0.00%	1,106.36	0.01%	17,565.98	0.09%	8,417.72	0.01%
Insurance Health Claims	-	0.00%	23,725.00	0.22%	(151,680.56)	-0.74%	152,175.00	0.23%
Interest Expense	7,221.57	0.00%	38,104.23	0.35%	142,949.22	0.70%	253,749.54	0.38%
Cleaning / Janitorial Service	-	0.00%	1,200.00	0.01%	-	0.00%	7,950.00	0.01%
Corporate Contribution ESOP	(120,000.00)	0.00%	15,000.00	0.14%	(120,000.00)	-0.59%	90,000.00	0.14%
Computer Consulting	-	0.00%	775.00	0.01%	1,680.00	0.01%	5,750.00	0.01%
Consulting Professional	31,980.62	0.00%	51,918.37	0.48%	1,998,336.70	9.81%	538,107.15	0.81%
Accounting Fees	-	0.00%	15,770.40	0.14%	76,950.00	0.38%	65,770.40	0.10%
Legal Fees	26,099.41	0.00%	26,315.07	0.24%	1,106,378.80	5.43%	197,072.15	0.30%
Insurance EPL Premium	-	0.00%	-	0.00%	304,361.82	1.49%	-	0.00%
Licenses Permits and Fees	(200.00)	0.00%	139.52	0.00%	2,706.74	0.01%	4,098.12	0.01%
Patrol Veh Licensing/Fees	-	0.00%	50.00	0.00%	-	0.00%	50.00	0.00%
Office Supplies Expense	-	0.00%	5,391.30	0.05%	8,503.87	0.04%	27,022.12	0.04%
Life Insurance	-	0.00%	2,650.98	0.02%	16,114.70	0.08%	15,905.88	0.02%
Penalties	20.00	0.00%	(271,043.71)	-2.48%	59,220.85	0.29%	418,000.92	0.63%
Postage & Mailing	-	0.00%	2,602.12	0.02%	9,294.60	0.05%	17,070.41	0.03%
Printing Cost	-	0.00%	6,183.92	0.06%	4,184.63	0.02%	17,971.57	0.03%
Rent Expense	8,004.79	0.00%	40,135.80	0.37%	132,051.07	0.65%	234,787.17	0.35%
Registration Fees	-	0.00%	(464.37)	0.00%	46,777.43	0.23%	(5,093.18)	-0.01%
Taxes Corp State Income	26.23	0.00%	5,000.00	0.05%	5,026.23	0.02%	25,992.04	0.04%
Taxes FICA	6,002.33	0.00%	35,328.09	0.32%	74,020.09	0.36%	186,373.06	0.28%
Taxes State U/C	837.46	0.00%	7,318.18	0.07%	5,762.31	0.03%	49,623.16	0.07%
Taxes Federal U/C	112.03	0.00%	222.58	0.00%	553.28	0.00%	4,402.24	0.01%
Training Expenses	96.90	0.00%	55.00	0.00%	5,765.19	0.03%	9,084.67	0.01%
Telephone Answering Service	-	0.00%	122.20	0.00%	618.60	0.00%	1,114.00	0.00%
Internet Access Charges	-	0.00%	4,407.42	0.04%	11,620.55	0.06%	27,265.33	0.04%

Consolidating Balance Sheet
 Security Network Holdings U.S. Subsidiaries
 For the Period Ending March 31, 2014

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Current Assets					
Cash	-	13,366.56	2,583.89	(15,950.45)	-
Accounts Receivable	1,609,095.38	-	(13,168.28)		1,595,927.10
Employees Loans Receivable	-	-	-		-
Inventory	-	-	-		-
Prepaid Expenses	709,797.80	-	-		709,797.80
Officer's Loans Receivable	-	1,000.00	1,000.00	(2,000.00)	-
Federal Tax Deposit	-	-	-		-
Total Current Assets	2,318,893.18	14,366.56	(9,584.39)	(17,950.45)	2,305,724.90
Property and Equipment					
Land, Building and Improvements	213,625.44	5,327,447.95	-		5,541,073.39
Office Furniture and Equipment	1,711,621.95	-	-		1,711,621.95
Transportation Equipment	-	-	-		-
Total Property and Equipment	1,925,247.39	5,327,447.95	-	-	7,252,695.34
Less Accumulated Depreciation	(1,925,247.39)	(1,665,486.24)	-		(3,590,733.63)
Net Property and Equipment	-	3,661,961.71	-	-	3,661,961.71
Other Assets					
Investment in Subsidiaries	-	-	-		-
Loans Receivable - Related Parties	1,480,683.64	(659,681.63)	-	(821,002.01)	-
Deposits - Other	209,407.40	-	-		209,407.40
Goodwill	-	-	-		-
Total Other Assets	1,690,091.04	(659,681.63)	-	(821,002.01)	209,407.40
Total Assets	4,008,984.22	3,016,646.64	(9,584.39)	(838,952.46)	6,177,094.01

Consolidating Balance Sheet
 Security Network Holdings U.S. Subsidiaries
 For the Period Ending March 31, 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	-	2,833,867.12	-		2,833,867.12
Line of Credit	-	-	-		-
Bank Overdraft	(2,272,445.41)	-	-	(15,950.45)	(2,288,395.86)
Accounts Payable	5,853,010.71	-	227,891.20		6,080,901.91
Accrued Wages and Benefits	2,844,964.24	-	-		2,844,964.24
Accrued Insurance Liabilities	(1,684,861.69)	(12,915.67)	-		(1,697,777.36)
Other Accrued Expenses	1,746,069.49	131,660.24	-		1,877,729.73
Deferred Income Tax Payable	-	-	-		-
Dividend Payable	-	-	-		-
Deferred Compensation	-	-	-		-
Loan Payable - Officer	-	-	-		-
Total Current Liabilities	6,486,737.34	2,952,611.69	227,891.20	(15,950.45)	9,651,289.78
Long Term Debt					
Installment Loans - Net of Current Portion	-	-	-		-
Capitalized Lease Obligations - Net of Current Portion	-	-	-		-
Long Term Accrued Insurance Liabilities	-	-	-		-
Note Payable - Related Company	-	-	821,002.01	(821,002.01)	-
Loans Payable - Shareholders	1,652,578.36	-	-	(2,000.00)	1,650,578.36
Total Long Term Debt	1,652,578.36	-	821,002.01	(823,002.01)	1,650,578.36
Total Liabilities	8,139,315.70	2,952,611.69	1,048,893.21	(838,952.46)	11,301,868.14
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 (Deficit)	(17,512,111.51)	35,847.88	(553,300.74)	1,000.00	(18,028,564.37)
Current Year to Date Income	21,037,356.85	28,187.07	(506,176.86)		20,559,367.06
Foreign Currency Translation Adjustments					-
Total Controlling Interests	(4,130,331.48)	64,034.95	(1,058,477.60)	-	(5,124,774.13)
Noncontrolling Interest in Subsidiary	-	-	-	-	-
Total Stockholders' Equity	(4,130,331.48)	64,034.95	(1,058,477.60)	-	(5,124,774.13)
Total Liabilities and Stockholders' Equity	4,008,984.22	3,016,646.64	(9,584.39)	(838,952.46)	6,177,094.01

~~Consolidating Statements of Income~~
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending March 31, 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	-	-	167,737.36	(71,342.67)	96,394.69
CCTV Equipment Revenue	-	-	-		-
Rental Income	-	203,800.00	-	(95,033.33)	108,766.67
	<hr/>				
Total Revenues	20,374,814.59	203,800.00	167,737.36	(166,376.00)	20,579,975.95
	<hr/>				
Cost of Goods and Services					
Guard Salaries	12,752,098.33	-	-		12,752,098.33
Other Salaries	2,491,930.67	-	-		2,491,930.67
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	-	-	510,635.48	(71,342.67)	439,292.81
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Total Cost of Goods and Services	16,003,563.92	-	510,635.48	(71,342.67)	16,442,856.73
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Gross Profit	4,371,250.67	203,800.00	(342,898.12)	(95,033.33)	4,137,119.22
	<hr/>				
Operating Expenses (see below)	7,051,166.02	125,740.24	163,278.74	(95,033.33)	7,245,151.67
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Operating Income/(Loss)	(2,679,915.35)	78,059.76	(506,176.86)	-	(3,108,032.45)

~~Consolidating Statements of Income~~
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending March 31, 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)	107,265.43	-	-		107,265.43
Interest Expense	(187,131.41)	(49,872.69)	-		(237,004.10)
Equity in Income (Loss) of Subsidiaries	-	-	-		-
Total Other Expenses	23,722,298.43	(49,872.69)	-	-	23,672,425.74
Income (Loss) Before Taxes	21,042,383.08	28,187.07	(506,176.86)	-	20,564,393.29
Provision for Income Taxes	(5,026.23)		-		(5,026.23)
Income (Loss) Before Noncontrolling Interest	21,037,356.85	28,187.07	(506,176.86)	-	20,559,367.06
Noncontrolling Interest in Net Loss of Susidiary					
Discontinued Operations					
Loss from Operations of Discontinued Operations	-				-
Net Income/(Loss)	21,037,356.85	28,187.07	(506,176.86)	-	20,559,367.06

~~Consolidating Statements of Income~~
Security Network Holdings U.S. Subsidiaries
For the Year-to-Date Ending March 31, 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	640,023.98	-	-		640,023.98
Advertising and Promotion	59,100.12	-	2,719.05		61,819.17
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	176,258.70	156.72	5,292.69		181,708.11
Client Development	139,859.96	-	499.31		140,359.27
Client Claims and Support	3,527.12	-	-		3,527.12
Commissions	61,058.53	-	-		61,058.53
Communications	142,906.24	-	6,356.66		149,262.90
Contract Labor	42,144.31	-	-		42,144.31
Contributions	-	-	-		-
Data Processing	-	-	-		-
Delivery, Shipping and Postage	38,893.01	-	1,866.57		40,759.58
Depreciation and Amoritization	220,187.15	54,414.54	9,500.00		284,101.69
Employment Expense	53,011.67	-	-		53,011.67
Entertainment	30,075.86	-	-		30,075.86
ESOP Compensation Expense	(120,000.00)	-	-		(120,000.00)
Equipment Leasing and Rental	3,234.99	-	-		3,234.99
Equipment Service Agreements	91,476.72	-	-		91,476.72
Equipment Repairs	12,861.82	-	4,686.17		17,547.99
Insurance	286,428.88	17,168.98	5,295.40		308,893.26
Insurance - Group	10,909.18	-	-		10,909.18
Janitorial and Maintenance	15,231.01	-	-		15,231.01
Licenses, Permits and Fees	11,599.56	-	-		11,599.56
Moving Expenses	2,280.12	-	-		2,280.12
Outside Salaries	-	-	686.00		686.00
Office Supplies and Expense	183,125.97	-	4,581.95		187,707.92
Printing	4,427.82	-	-		4,427.82
Professional Fees	3,182,914.80	-	4,000.00		3,186,914.80
Registration Fees	58,072.98	-	-		58,072.98
Rent	229,716.92	-	91,150.70	(95,033.33)	225,834.29
Staff & Sales Meetings	-	-	-		-
Taxes - Payroll	1,384,545.89	-	-		1,384,545.89

~~Consolidating Statements of Income~~**Security Network Holdings U.S. Subsidiaries****For the Year-to-Date Ending March 31, 2014**

	<u>IPC Int'l</u>	<u>IPC Realty</u>	<u>Uniformity</u>	<u>Eliminating Entries</u>	<u>Consol. Total</u>
Property Taxes	-	54,000.00	-		54,000.00
Travel	(44,730.19)	-	926.89		(43,803.30)
Uniforms	113,441.24	-	-		113,441.24
Utilities	25,644.62	-	15,717.35		41,361.97
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Total Operating Expenses	7,051,166.02	125,740.24	163,278.74	(95,033.33)	7,245,151.67
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