

B1 (Official Form 1)(1/08)

United States Bankruptcy Court Northern District of Georgia - Atlanta Division		Voluntary Petition
Name of Debtor (if individual, enter Last, First, Middle): The J. O. Conley Corporation		Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): DBA Grand Harbour Import Co.; DBA Grand Harbour Homestore		All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) 58-1266060		Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all)
Street Address of Debtor (No. and Street, City, and State): 260 Valley Street #100 Ball Ground, GA <div style="text-align: right; font-size: small;">ZIP Code 30107</div>		Street Address of Joint Debtor (No. and Street, City, and State): <div style="text-align: right; font-size: small;">ZIP Code</div>
County of Residence or of the Principal Place of Business: Cherokee		County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address): <div style="text-align: right; font-size: small;">ZIP Code</div>		Mailing Address of Joint Debtor (if different from street address): <div style="text-align: right; font-size: small;">ZIP Code</div>
Location of Principal Assets of Business Debtor (if different from street address above):		
Type of Debtor (Form of Organization) (Check one box) <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)	Nature of Business (Check one box) <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other <hr/> Tax-Exempt Entity (Check box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).	Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding Nature of Debts (Check one box) <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.
Filing Fee (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.		Chapter 11 Debtors Check one box: <input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <input checked="" type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,190,000. Check all applicable boxes: <input checked="" type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
Statistical/Administrative Information <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.		THIS SPACE IS FOR COURT USE ONLY
Estimated Number of Creditors <input checked="" type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> OVER 100,000		
Estimated Assets <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input checked="" type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion		
Estimated Liabilities <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input checked="" type="checkbox"/> \$1,000,001 to \$50 million <input type="checkbox"/> \$10,000,001 to \$100 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion		

<p>Voluntary Petition</p> <p><i>(This page must be completed and filed in every case)</i></p>	<p>Name of Debtor(s): The J. O. Conley Corporation</p>
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All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet)

Location Where Filed: - None -	Case Number:	Date Filed:
Location Where Filed:	Case Number:	Date Filed:

Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet)

Name of Debtor: - None -	Case Number:	Date Filed:
District:	Relationship:	Judge:

<p style="text-align: center;">Exhibit A</p> <p>(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)</p> <p><input type="checkbox"/> Exhibit A is attached and made a part of this petition.</p>	<p style="text-align: center;">Exhibit B</p> <p>(To be completed if debtor is an individual whose debts are primarily consumer debts.)</p> <p>I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).</p> <p>X _____ Signature of Attorney for Debtor(s) (Date)</p>
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Exhibit C

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

Yes, and Exhibit C is attached and made a part of this petition.

No.

Exhibit D

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

Information Regarding the Debtor - Venue

(Check any applicable box)

Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

Certification by a Debtor Who Resides as a Tenant of Residential Property

(Check all applicable boxes)

Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

(Name of landlord that obtained judgment)

(Address of landlord)

Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and

Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.

Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

Voluntary Petition

(This page must be completed and filed in every case)

Name of Debtor(s):
The J. O. Conley Corporation

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.
[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.
[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (If not represented by attorney)

Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
Signature of Foreign Representative

Printed Name of Foreign Representative

Date

Signature of Attorney*

X /s/ Gregory D. Ellis
Signature of Attorney for Debtor(s)

Gregory D. Ellis GA Bar no. 245310
Printed Name of Attorney for Debtor(s)

Lamberth, Cifelli, Stokes, Ellis & Nason, PA
Firm Name

3343 Peachtree Road, NE
East Tower, Suite 550
Atlanta, GA 30326

Address

404-262-7373 Fax: 404-262-9911
Telephone Number

June 15, 2009
Date

*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.)(Required by 11 U.S.C. § 110.)

Address

X _____
Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X /s/ James O. Conley, Jr.
Signature of Authorized Individual

James O. Conley, Jr.
Printed Name of Authorized Individual

Chief Executive Officer, Chief Financial Officer & Secretary
Title of Authorized Individual

June 15, 2009
Date

B4 (Official Form 4) (12/07)

**United States Bankruptcy Court
Northern District of Georgia - Atlanta Division**

In re The J. O. Conley Corporation Debtor(s) Case No. _____ Chapter 11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>
Inland US Management, LLC 2675 Paces Ferry Road SE Ste. 320 Atlanta, GA 30339	Inland US Management, LLC 2675 Paces Ferry Road SE Ste. 320 Atlanta, GA 30339	Property Lease	Contingent	350,371.90
Roswell Holcomb Associates, LLP c/o Ben F. Kushner Co. 19241 Birmingham Hwy Alpharetta, GA 30004	Roswell Holcomb Associates, LLP c/o Ben F. Kushner Co. 19241 Birmingham Hwy Alpharetta, GA 30004	Property lease		288,631.59
EIG Market Square, LLC Equity Investment Group 111 E. Wayne St, Ste. 500 Fort Wayne, IN 46802	EIG Market Square, LLC Equity Investment Group 111 E. Wayne St, Ste. 500 Fort Wayne, IN 46802	Property Lease		265,016.85
Haynes Bridge c/o Westwood Financial Corp. 11440 San Vicente Blvd Ste 200 Los Angeles, CA 90049	Haynes Bridge c/o Westwood Financial Corp. 11440 San Vicente Blvd Ste 200 Los Angeles, CA 90049	Property Lease		184,168.79
Dependable Movers, Inc. c/o Michael H. Saul, Esq. 301 Washington Ave Marietta, GA 30060	c/o Michael H. Saul, Esq. Dependable Movers, Inc. 301 Washington Ave Marietta, GA 30060 770-429-8787	Trade debt; Fulton County, GA State Court Case No. 06VS097006J	Disputed	18,387.00
Latimer Properties, LLC PO Box 4038 Canton, GA 30114	Latimer Properties, LLC PO Box 4038 Canton, GA 30114	Office lease		14,700.00
Macon Mall, LLC as successor to Colonial Realty Ltd Partnership 217 E Redwood St 20th Fl Baltimore, MD 21202	Macon Mall, LLC as successor to Colonial Realty Ltd Partnership 217 E Redwood St 20th Fl Baltimore, MD 21202	Property Lease	Disputed	3,834.57
Equity One 1275 Powers Ferry Rd SE Ste. 100 Marietta, GA 30067	Equity One 1275 Powers Ferry Rd SE Ste. 100 Marietta, GA 30067	Property Lease	Contingent	1.00

B4 (Official Form 4) (12/07) - Cont.

In re The J. O. Conley Corporation
Debtor(s)

Case No. _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
(Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
DDRM Market Square, LLC c/o Developers Diversified Realty C 3300 Enterprise Pkwy Beachwood, OH 44122	DDRM Market Square, LLC c/o Developers Diversified Realty C 3300 Enterprise Pkwy Beachwood, OH 44122	Property Lease	Contingent	1.00
Melaver, Inc. 114 Barnard Street Ste. 2B Savannah, GA 31401	Melaver, Inc. 114 Barnard Street Ste. 2B Savannah, GA 31401	Property Lease	Contingent	1.00

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the Chief Executive Officer, Chief Financial Officer & Secretary of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date June 15, 2009

Signature /s/ James O. Conley, Jr.
James O. Conley, Jr.
Chief Executive Officer, Chief Financial Officer & Secretary

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§ 152 and 3571.

**United States Bankruptcy Court
Northern District of Georgia - Atlanta Division**

In re **The J. O. Conley Corporation**

Debtor(s)

Case No. _____

Chapter **11**

VERIFICATION OF CREDITOR MATRIX

I, the Chief Executive Officer, Chief Financial Officer & Secretary of the corporation named as the debtor in this case, hereby verify that the attached list of creditors is true and correct to the best of my knowledge.

Date: **June 15, 2009**

/s/ James O. Conley, Jr.

**James O. Conley, Jr./Chief Executive Officer, Chief Financial
Officer & Secretary**

Signer/Title

**United States Bankruptcy Court
Northern District of Georgia - Atlanta Division**

In re The J. O. Conley Corporation,
Debtor

Case No. _____
Chapter 11

LIST OF EQUITY SECURITY HOLDERS

Following is the list of the Debtor's equity security holders which is prepared in accordance with Rule 1007(a)(3) for filing in this chapter 11 case.

Name and last known address or place of business of holder	Security Class	Number of Securities	Kind of Interest
James O. Conley, Jr. 3010 Bradshaw Club Drive Woodstock, GA 30188			75% common stock
Paul Popishil 506 Sable Trace Way Acworth, GA 30102			25% common stock

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, the Chief Executive Officer, Chief Financial Officer & Secretary of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing List of Equity Security Holders and that it is true and correct to the best of my information and belief.

Date June 15, 2009

Signature /s/ James O. Conley, Jr.

**James O. Conley, Jr.
Chief Executive Officer, Chief Financial Officer & Secretary**

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C §§ 152 and 3571.

**United States Bankruptcy Court
Northern District of Georgia - Atlanta Division**

In re **The J. O. Conley Corporation**

Debtor(s)

Case No.

Chapter

11

CORPORATE OWNERSHIP STATEMENT (RULE 7007.1)

Pursuant to Federal Rule of Bankruptcy Procedure 7007.1 and to enable the Judges to evaluate possible disqualification or recusal, the undersigned counsel for **The J. O. Conley Corporation** in the above captioned action, certifies that the following is a (are) corporation(s), other than the debtor or a governmental unit, that directly or indirectly own(s) 10% or more of any class of the corporation's(s') equity interests, or states that there are no entities to report under FRBP 7007.1:

None [*Check if applicable*]

June 15, 2009

Date

/s/ Gregory D. Ellis

Gregory D. Ellis

Signature of Attorney or Litigant

Counsel for **The J. O. Conley Corporation**

Lamberth, Cifelli, Stokes, Ellis & Nason, PA

3343 Peachtree Road, NE

East Tower, Suite 550

Atlanta, GA 30326

404-262-7373 Fax:404-262-9911

**ACTION OF THE SOLE DIRECTOR
OF
THE J. O. CONLEY CORPORATION D/B/A GRAND HARBOUR IMPORT CO. AND
GRAND HARBOUR HOMESTORE
TAKEN BY UNANIMOUS WRITTEN CONSENT**

Pursuant to Section 14-2-821 of the Georgia Business Corporation Code, the undersigned, being the sole Director of **The J. O. Conley Corporation d/b/a Grand Harbour Import Co. and Grand Harbour Homestore**, a Georgia corporation (the "Corporation"), does hereby unanimously consent to and adopt the following resolutions as the action of the Board of Directors of the Corporation in lieu of a meeting, and does hereby direct that this written consent to such action be filed with the minutes of the proceedings of the Corporation:

BE IT RESOLVED, as follows:

1. The sole Director of the Corporation does hereby approve and authorize the preparation, execution, and filing of a Voluntary Petition for Relief under Chapter 11 of Title 11 of the United States Code (the "Chapter 11 Case") by the Corporation.

2. James O. Conley, Jr., in his capacity as Chief Executive Officer, Chief Financial Officer, or Secretary of the Corporation and as the sole Officer of the Corporation, is hereby authorized on behalf of the Corporation to prepare, execute, and file the Chapter 11 Case and all of the necessary papers in connection therewith in the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division, and to do any other acts, execute all documents, and take any other steps in the name of and on behalf of the Corporation, necessary or appropriate to obtaining such relief, including the proposal of a Plan of Reorganization.

3. The Corporation is hereby authorized to retain the services of Lamberth, Cifelli, Stokes, Ellis & Nason, P.A., as general bankruptcy counsel, to assist the Corporation in preparing and filing the Chapter 11 Case and to represent and assist the Corporation in carrying out its duties in the Chapter 11 Case, and the sole Officer is hereby authorized and directed to take appropriate actions to retain such professionals and to execute an appropriate retention agreement and pay an appropriate retainer prior to the filing of the Chapter 11 Case, and immediately upon the filing of the Chapter 11 Case, to file, or cause to be filed, an appropriate application with the Bankruptcy Court for authority to retain the services of such professionals for such purpose.

4. The sole Director authorizes the Corporation to compensate such professionals for their services and expenses on the basis of prior agreements and/or their usual and customary fees and expenses, including retainers, subject to approval of the Bankruptcy Court.

5. In connection with the foregoing, the sole Officer is hereby authorized, directed and empowered to take any action which he, in his discretion, may deem necessary or proper to carry out the foregoing resolutions.

6. All the acts of any person authorized to act as set forth above, which acts would have been authorized by the foregoing resolutions except that such acts were taken prior to the adoption of such resolutions, are hereby severally ratified, approved and adopted as acts on behalf of the Corporation.

Dated: June 15, 2009

The undersigned being the sole Director of the Corporation, does hereby ratify, consent to, and adopt the foregoing resolutions.

/s/ James O. Conley, Jr.

James O. Conley, Jr., Sole Director

The J. O. Conley Corp.
Balance Sheet
 As of May 31, 2009

	May 31, 09
ASSETS	
Current Assets	
Checking/Savings	
Suntrust Operating	168,435.25
Strategic Reserve	-29,427.17
Cash Drawer	
Cash Drawer-06	200.00
Cash Drawer-10	300.00
Cash Drawer-20	100.00
Total Cash Drawer	600.00
Total Checking/Savings	139,608.08
Accounts Receivable	
Accounts Receivable	
A/R Citifinancial	3,778.57
Accounts Receivable - Other	28,469.95
Total Accounts Receivable	32,248.52
Total Accounts Receivable	32,248.52
Other Current Assets	
Inventory Asset	
Inventory-06	151,729.51
Inventory-10	154,824.56
Inventory-20	133,252.87
Total Inventory Asset	439,806.94
Freight Charges	-712.04
Undeposited Funds	-2,816.26
Total Other Current Assets	436,278.64
Total Current Assets	608,135.24
Fixed Assets	
Furniture & Fixtures	445,530.06
Leasehold Improvements	193,003.69
Vehicles	4,500.00
Accumulated Depreciation	-626,679.35
Total Fixed Assets	16,354.40
Other Assets	
Deposits	7,685.29
Total Other Assets	7,685.29
TOTAL ASSETS	632,174.93
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	89,563.32
Total Accounts Payable	89,563.32
Other Current Liabilities	
Gift Certificates Outstanding	2,062.99
Payroll Liabilities	167.42
Payroll Tax Liabilities	11,823.62
Sales Tax Payable	44,975.34
Total Other Current Liabilities	59,029.37
Total Current Liabilities	148,592.69

The J.O. Conley Corp.
Balance Sheet

As of May 31, 2009

06/12/09

Accrual Basis

	<u>May 31, 09</u>
Long Term Liabilities	
N/P - Patricia Cranston-Conley	188,614.00
N/P - James O. Conley Jr.	188,614.00
N/P - JOC Acquisition, LLC	122,373.08
Total Long Term Liabilities	<u>499,601.08</u>
Total Liabilities	648,193.77
Equity	
Capital Stock	1,200.00
Retained Earnings	977,392.39
Net Income	-994,611.23
Total Equity	<u>-16,018.84</u>
TOTAL LIABILITIES & EQUITY	<u><u>632,174.93</u></u>

Profit & Loss

February through May 2009

	Feb - May 09
Ordinary Income/Expense	
Income	
Sales	
Retail	3,439,247.26
Merchandise	1,501.47
Total Sales	3,440,748.73
Total Income	3,440,748.73
Cost of Goods Sold	
Cost of Goods Sold	
Cost of Retail	1,861,048.26
Cost of Markdowns	526,911.42
Cost of Goods Sold - Other	3,915.40
Total Cost of Goods Sold	2,391,875.08
Total COGS	2,391,875.08
Gross Profit	1,048,873.65
Expense	
Payroll Expenses	
Wages	376,262.31
Officers	51,750.00
Payroll Taxes	35,580.83
Payroll Expenses - Other	309.24
Total Payroll Expenses	463,902.38
Advertising	16,182.10
Bad Debt Expense	392,276.86
Bank Service Charges	76,449.91
Cash Shortage/(Overage)	2,256.49
Delivery Expense	830.00
Dues and Subscriptions	99.00
Employee Benefits	165.42
Insurance	
Health Insurance	5,953.98
Insurance - Other	36,192.35
Total Insurance	42,146.33
Interest Expense	13,927.10
Leased Equipment	1,846.70
Maintenance & Repairs	1,632.05
Postage	605.83
Professional Fees	
Legal Fees	53,436.00
Sales Commissions	576.35
Professional Fees - Other	234,128.08
Total Professional Fees	288,140.43
Rent	
Warehouse	550.00
Rent - Other	368,328.02
Total Rent	368,878.02
Sales Tax Commissions	-2,031.02
Supplies	7,636.65
Taxes	2,415.98
Telephone	6,610.61
Trash Removal	7,781.42
Travel & Ent	
Meals	676.62
Travel	218.37
Travel & Ent - Other	428.51
Total Travel & Ent	1,323.50
Utilities	47,680.36

The J.O. Conley Corp.
Profit & Loss

06/12/09

Accrual Basis

February through May 2009

	<u>Feb - May 09</u>
Vehicle Expense	
Fuel Charges	2,953.16
Maintenance	71.23
Leased Vehicles	7,652.27
Vehicle Expense - Other	886.80
Total Vehicle Expense	<u>11,563.46</u>
Total Expense	<u>1,752,319.58</u>
Net Ordinary Income	-703,445.93
Other Income/Expense	
Other Income	
Gain/Loss on Asset Sales	-133,440.14
Other Income	7.84
Total Other Income	<u>-133,432.30</u>
Other Expense	
Suspense	-100.00
Total Other Expense	<u>-100.00</u>
Net Other Income	<u>-133,332.30</u>
Net Income	<u><u>-836,778.23</u></u>

Store Liquidation Pro Forma		Roswell	Canton	J Creek	Office	Totals
Estimated Inventory		130,000	130,000	130,000	-	390,000
Freight	15%	19,500	19,500	19,500	-	58,500
Re-Stocking Merchandise	50%	74,750	74,750	74,750	-	224,250
Landed Cost Inventory		224,250	224,250	224,250	-	672,750
Gross Margins	40%	40%	40%	40%	0%	
Estimated Sales		373,750	373,750	373,750	-	1,121,250
Obsolete Merchandise	25%	25%	25%	25%	25%	
Est. Liquidated Sales		280,313	280,313	280,313	-	840,938
Variable Costs		19.77%	20.68%	20.13%	18.51%	17.96%
		20.68%	20.13%	18.51%	17.96%	166,260
Payroll (Average)	15.37%	16.28%	15.73%	14.11%	13.56%	129,259
Bank Charges (2.65%)	2.90%	2.90%	2.90%	2.90%	2.90%	24,387
Insurance (n/a)	0.00%	0.00%	0.00%	0.00%	0.00%	-
Benefits (.21%)	0.21%	0.21%	0.21%	0.21%	0.21%	1,766
Maintenance (.3%)	0.30%	0.30%	0.30%	0.30%	0.30%	2,523
Supplies (.75%)	0.75%	0.75%	0.75%	0.75%	0.75%	6,307
Sales Tax (-.12%)	-0.12%	-0.12%	-0.12%	-0.12%	-0.12%	(1,009)
Other (.36%)	0.36%	0.36%	0.36%	0.36%	0.36%	3,027
Advertising (Weekly)		1,000	1,000	1,000	-	3,000
Fixed Costs						
Payroll		8,076	11,476	4,350	22,948	46,850
Severance Pay		3,255	5,696	4,069	9,494	22,514
Leased Equipment		-	-	-	369	369
Debt Service		-	-	-	-	-
Rents		15,815	16,293	26,577	-	58,685
Telephone		240	220	250	650	1,360
Trash		600	450	560	415	2,025
Utilities		3,600	3,300	2,525	900	10,325
Vehicles		-	-	-	1,028	1,028
Fixed Costs (Monthly)		31,586	37,435	38,330	35,803	143,156
CASHFLOW						
Est. Liquidated Sales		280,313	280,313	280,313	-	840,938
Re-Stocking Merchandise		74,750	74,750	74,750	-	224,250
Variable Costs		57,955	56,434	51,872	-	166,260
No. of Weeks						
Advertising	7	7,000	7,000	7,000	-	21,000
No. of Months						
Fixed Costs	1.5	33,192	42,708	32,953	58,452	167,305
Cashflow Produced from G.O.B.		107,416	99,420	113,738	(58,452)	262,122

2006 TAX RETURN FILING INSTRUCTIONS

U.S. CONSOLIDATED CORPORATION INCOME TAX RETURN

FOR THE YEAR ENDING
JANUARY 31, 2007

Prepared for	J.O. CONLEY CORP & SUBSIDIARY 712 EXECUTIVE COURT WOODSTOCK, GA 30189												
Prepared by	FRAZIER & DEETER, L.L.C. 600 PEACHTREE STREET, N.E., #1900 ATLANTA, GA 30308												
To be signed and dated by	THE APPROPRIATE CORPORATE OFFICER(S).												
Amount of tax	<table> <tr> <td>Total tax</td> <td>\$</td> <td>0</td> </tr> <tr> <td>Less: payments and credits</td> <td>\$</td> <td>4,679</td> </tr> <tr> <td>Plus: interest and penalties</td> <td>\$</td> <td>0</td> </tr> <tr> <td>OVERPAYMENT</td> <td>\$</td> <td>4,679</td> </tr> </table>	Total tax	\$	0	Less: payments and credits	\$	4,679	Plus: interest and penalties	\$	0	OVERPAYMENT	\$	4,679
Total tax	\$	0											
Less: payments and credits	\$	4,679											
Plus: interest and penalties	\$	0											
OVERPAYMENT	\$	4,679											
Overpayment	<table> <tr> <td>Credited to your estimated tax</td> <td>\$</td> <td>0</td> </tr> <tr> <td>Refunded to you</td> <td>\$</td> <td>4,679</td> </tr> </table>	Credited to your estimated tax	\$	0	Refunded to you	\$	4,679						
Credited to your estimated tax	\$	0											
Refunded to you	\$	4,679											
Make check payable to	NOT APPLICABLE												
Mail tax return and check (if applicable) to	INTERNAL REVENUE SERVICE CENTER OGDEN, UT 84201-0012												
Return must be mailed on or before	OCTOBER 15, 2007												
Special Instructions													

Form **7004**
 (Rev. December 2006)
 Department of the Treasury
 Internal Revenue Service

Application for Automatic 6-Month Extension of Time To File Certain Business Income Tax, Information, and Other Returns

OMB No. 1545-0285

File a separate application for each return.

Type or Print

Name: **The J. O. Conley Corporation** Identifying number:

Number, street, and room or suite no. (If P.O. box, see instructions):
712 Executive Court

City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).
Woodstock, GA 30188

File by the due date for the return for which an extension is requested. See instructions.

Note. See instructions before completing this form.

- 1 Enter the form code for the return that this application is for (see below) 1 2
- 2 If the foreign corporation does not have an office or place of business in the United States, check here
- 3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here
- 4a The application is for calendar year 20 .. or tax year beginning 02/01, 20 06, and ending 01/31, 20 07

b Short tax year. If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

- 5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
 If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

6 Tentative total tax	6	0	00
7 Total payments and credits (see instructions)	7	0	00
8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions)	8	0	00

Application Is For:	Form Code	Application Is For:	Form Code
	01	Form 1120-H	17
Form 706-GS(T)	02	Form 1120-L	18
	03	Form 1120-ND	19
Form 1041 (estate)	04	Form 1120-ND (section 4951(a)(4))	20
	05	Form 1120-PC	21
Form 1041-N	06	Form 1120-REIT	22
	07		23
Form 1042	08		24
	09	Form 1120-S	25
Form 1065-B	10		26
	11	Form 3520-A	27
Form 1120	12		28
	13	Form 8613	29
Form 1120-A	14	Form 8725	30
	15	Form 8804	31
Form 1120-F	15		32
	16	Form 8876	33

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13604A

Form 7004 (Rev. 12-2006)

U.S. Corporation Income Tax Return

For calendar year 2006 or tax year

beginning FEBRUARY 1, 2006 ending JANUARY 31, 2007

EXTENSION GRANTED TO 10/15/07

OMB No. 1545-0047

2006

Form 1120

Department of the Treasury
Internal Revenue Service

A Check if: 1 Consolidated return (attach Form 9857) <input checked="" type="checkbox"/> X 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/>		Use Name IRS label: J.O. CONLEY CORP & SUBSIDIARY Other-wise print or type: Number, street, and room or suite no. if a P.O. box, see instructions. 712 EXECUTIVE COURT City or town, state, and ZIP code WOODSTOCK, GA 30189	B Employer identification number [REDACTED] C Date incorporated 07/04/1976 D Total assets (see instructions) E Total assets (see instructions) 3,934,401.
---	--	--	---

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

1	Gross receipts or sales	14,996,214.	b Less returns and allowances	12,020.	c Bal	1c	14,984,194.
2	Cost of goods sold (Schedule A, line 8)					2	7,036,530.
3	Gross profit. Subtract line 2 from line 1c					3	7,947,664.
4	Dividends (Schedule C, line 19)					4	
5	Interest					5	36.
6	Gross rents					6	
7	Gross royalties					7	
8	Capital gain net income (attach Schedule D (Form 1120))					8	
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	697.
10	Other income (attach schedule)	SEE CONSOLIDATED INCOME AND DEDUCTIONS				10	142,115.
11	Total income. Add lines 3 through 10					11	8,090,512.

TAXPAYER COPY

12	Compensation of officers (Schedule E, line 4)					12	213,293.
13	Salaries and wages (less employment credits)					13	3,099,385.
14	Repairs and maintenance					14	61,008.
15	Bad debts					15	
16	Rents					16	2,631,383.
17	Taxes and licenses					17	329,628.
18	Interest					18	100,625.
19	Charitable contributions					19	
20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					20	81,697.
21	Depletion					21	
22	Advertising					22	146,887.
23	Pension, profit-sharing, etc., plans					23	
24	Employee benefit programs					24	20,299.
25	Domestic production activities deduction (attach Form 8903)					25	
26	Other deductions (attach schedule)	SEE CONSOLIDATED INCOME AND DEDUCTIONS				26	1,724,104.
27	Total deductions. Add lines 12 through 26					27	8,408,309.
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	<317,797.>
29	Less: a Net operating loss deduction	29a				29c	0.
	b Special deductions (Schedule C, line 20)	29b					

30	Taxable income. Subtract line 29c from line 28 (see instructions)					30	<317,797.>
31	Total tax (Schedule J, line 10)					31	0.
32a	2005 overpayment credited to 2006	32a	4,679.				
b	2006 estimated tax payments	32b					
c	2006 refund applied for on Form 4466	32c					
d	Tax deposited with Form 7004	32d		4,679.			
e	Tax credits: (1) Form 2439 (2) Form 4136	32e					
f	Credit for federal telephone excise tax paid (attach Form 8913)	32f					
g	Credit for federal telephone excise tax paid (attach Form 8913)	32g				32h	4,679.
33	Estimated tax penalty (see instructions) Check if Form 2220 is attached					33	
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34	0.
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35	4,679.
36	Enter amount from line 35 you want: Credited to 2007 estimated tax Refunded					36	4,679.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: [Signature] Date: 10/15/07 Title: [REDACTED]

Preparer's signature: [Signature] Date: 10/15/07 Check if self-employed: Preparer's SSN or PTIN: P00038627

Form's name (or yours if self-employed), address, and ZIP code: **ERAZIER & DEETER, L.L.C.**
600 PEACHTREE STREET, N.E., #1900
ATLANTA, GA 30308

Phone no: (404) 253-7500

May the IRS discuss this return with my preparer shown below? Yes No

Form 1120 (2006) J.O. CONLEY CORP & SUBSIDIARY

Page 2

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	3,589,386.
2	Purchases	2	6,340,464.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	70,028.
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	9,999,878.
7	Inventory at end of year	7	2,963,348.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	7,036,530.

9a Check all methods used for valuing closing inventory:

(i) Cost

(ii) Lower of cost or market

(iii) Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80 <small>see instructions</small>	
3	Dividends on debt-financed stock of domestic and foreign corporations	42	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	48	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	70	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	80	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	100	
8	Dividends from wholly owned foreign subsidiaries		
9	Total. Add lines 1 through 8		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 947)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		

Schedule E Compensation of Officers (see instructions for page 1, line 12)
 Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	(d) Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 JAMES O. CONLEY, JR.		100 %	75.00%		133,745.
PAUL J. POSPISHIL		100 %	25.00%		23,750.
PATRICIA C. CONLEY		100 %			55,798.
2 Total compensation of officers					213,293.
3 Compensation of officers claimed on Schedule A and elsewhere on return					213,293.
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Form 1120 (2006) J.O. CONLEY CORP & SUBSIDIARY

Page 3

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input checked="" type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)		
5b	Qualified electric vehicle credit (attach Form 8834)		
5c	General business credit. Check applicable boxes: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8335, Section B <input type="checkbox"/> Form 8844		
5d	Credit for prior year minimum tax (attach Form 8927)		
5e	Bond credits from <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912		
6	Total credits. Add lines 5a through 5e		0.
7	Subtract line 6 from line 4		
8	Personal holding company tax (attach Schedule PH (Form 1120))		
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		0.

Schedule K Other Information (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶				
2	See the instructions and enter the:				
a	Business activity code no. ▶ 453990				
b	Business activity ▶ RETAIL SALES				
c	Product or service ▶ IMPORTED GIFTS/FURN				
3	X		7		X
At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. STATEMENT 3			At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶		
4	X		8		
Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶ SEE CONTROLLED GROUP STATEMENT			The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶		
5	X		9		
At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) STATEMENT 4 If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 75.00			Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. <input type="checkbox"/>		
6		X	10		
During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ NONE		
			11		
			Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 2		
			12		
			If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid. Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ 154,794.		
			13		X
			Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ \$ N/A		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

JWA

Schedule L Balance Sheets per Books		Beginning of tax year	End of tax year
Assets	(9)	(10)	(11)
1 Cash		<359,619.>	
2a Trade notes and accounts receivable	281,136.		211,368.
b Less allowance for bad debts	()	281,136.	211,368.
3 Inventories		3,589,386.	2,963,348.
4 U.S. government obligations	SEE STATEMENT OF CONSOLIDATED BEGINNING BALANCE SHEET		SEE STATEMENT OF CONSOLIDATED ENDING BALANCE SHEET
5 Tax-exempt securities		1,496.	
6 Other current assets (att. sch.)			
7 Loans to shareholders		82,000.	82,000.
8 Mortgage and real estate loans			
9 Other investments (att. sch.)			
10a Buildings and other depreciable assets	1,860,078.		1,669,942.
b Less accumulated depreciation	(1,274,660.)	585,418.	(1,159,611.)
11a Depletable assets			
b Less accumulated depletion			
12 Land (net of any amortization)			
13a Intangible assets (amortizable only)			
b Less accumulated amortization			
14 Other assets (att. sch.)		96,481.	167,354.
15 Total assets		4,276,298.	3,934,401.
Liabilities and Shareholders' Equity			
16 Accounts payable		286,346.	189,022.
17 Mortgages, notes, bonds payable in less than 1 year		477,302.	347,632.
18 Other current liabilities (att. sch.)		135,499.	523,477.
19 Loans from shareholders			
20 Mortgages, notes, bonds payable in 1 year or more		849,614.	471,896.
21 Other liabilities (att. sch.)		214,038.	218,141.
22 Capital stock: a Preferred stock			
b Common stock	1,200.	1,200.	1,200.
23 Additional paid-in capital			
24 Retained earnings - Appropriated (attach schedule)		2,312,299.	2,183,033.
25 Retained earnings - Unappropriated			
26 Adjustments to shareholders' equity (attach schedule)			
27 Less cost of treasury stock			
28 Total liabilities and shareholders' equity		4,276,298.	3,934,401.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return		Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions
1 Net income (loss) per books	<129,266.>	7 Income recorded on books this year not included on this return (itemize):
2 Federal income tax per books	<120,646.>	Tax-exempt interest \$ _____
3 Excess of capital losses over capital gains		
4 Income subject to tax not recorded on books this year (itemize): _____		
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):
a Depreciation \$ _____		a Depreciation \$ _____
b Charitable contributions \$ 50.		b Charitable contributions \$ _____
c Travel and entertainment \$ 2,093.		
	4,785.	74,813.
	6,928.	74,813.
6 Add lines 1 through 5	<242,984.>	9 Add lines 7 and 8
		Income (page 1, line 28) - line 6 less line 9
		<317,797.>

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	2,312,299.
2 Net income (loss) per books	<129,266.>
3 Other increases (itemize): _____	
4 Add lines 1, 2, and 3	2,183,033.
5 Distributions: a Cash _____	
b Stock _____	
c Property _____	
6 Other decreases (itemize): _____	
7 Add lines 5 and 6	
8 Balance at end of year (line 4 less line 7)	2,183,033.

SEE CONSOLIDATED SCHEDULES M-1 AND M-2

THE J.O. CONLEY CORPORATION

FORM 1120

Tax Year Ended January 31, 2007

Loss Corporation Statement:

Pursuant to Regs. §1.382-2T(a)(2)(ii), The J.O. Conley Corporation, a loss corporation, discloses the following information relating to a change of ownership:

- 1) No testing dates occurred during the taxable year.
- 2) No ownership changes occurred during the taxable period.
- 3) No testing dates occurred during the taxable year.
- 4) The corporation's 5% shareholders are:

James O. Conley, Jr.	75%
Paul J. Pospishil	25%
- 5) The corporation relied on no presumptions from the filing or non-filing of certain SEC forms in determining whether a change in ownership occurred on any identified testing date.

THE J.O. CONLEY CORPORATION

Controlled Group Statement
January 31, 2007

The undersigned taxpayers, component members of a controlled group, hereby consent: (1) under Reg. Sec. 1.1561-3(a)(1) to an unequal apportionment of the \$100,000 surtax exemption and the \$11,750 additional 5% tax; (2) under Reg. Sec. 1.1561-2(c)(3) to an equal apportionment of the \$250,000 accumulated earnings credit; (3) under Sec. 38(c)(4)(B) to an unequal apportionment of the \$25,000 limitation in Sec. 38 (c); (4) under Reg. Sec. 1.58-1(c) to an unequal apportionment of the \$40,000 limitation in Sec. 55 (d)(2); and (5) under Sec. 179 (d)(6) to an unequal apportionment of the \$108,000 expense limitation and the \$430,000 cost limitation in Sec. 179 (b)(1) and (2). For depreciation purposes, the half-year convention, as provided under Sec. 168 (d)(4)(c), applied on a controlled basis group. The original of this statement is filed with the District Director, Atlanta, Georgia. This consent is effective for the tax years in which December 31, 2006 occurs.

	<u>Surtax Exemption</u>	<u>Additional 5% Tax</u>	<u>Accumulated Earnings Credit</u>
The J.O. Conley Corporation Inc. & Subs 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	\$ 75,000	\$ 11,750	\$ 125,000
Grand Harbour Imports, Inc. 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	-0-	-0-	125,000
	<u>\$ 75,000</u>	<u>\$ 11,750</u>	<u>\$ 250,000</u>

THE J.O. CONLEY CORPORATION

Controlled Group Statement
 January 31, 2006
 - Continued -

	<u>Business Credit Limitation</u>	<u>Alternative Minimum Tax Exemption</u>	<u>Section 179 Expense</u>	<u>Section 179 Cost</u>
The J.O. Conley Corporation Inc. & Subs 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	\$ 25,000	\$ 40,000	\$108,000	\$ 430,000
Grand Harbour Imports, Inc. 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	-0-	-0-	-0-	-0-
	<u>\$ 25,000</u>	<u>\$ 40,000</u>	<u>\$108,000</u>	<u>\$ 430,000</u>

Date: _____

Signature: _____
 The J. O. Conley Corporation

Date: _____

Signature: _____
 Grand Harbour Imports, Inc.

Form **851**
 (Rev. December 2005)
 Department of the Treasury
 Internal Revenue Service

Affiliations Schedule

File with each consolidated income tax return.
 For tax year ending **JANUARY 31, 2007**

OMB No. 1545-0047

Name of common parent corporation **THE J.O. CONLEY CORPORATION** Employer identification number [REDACTED]

Number, street, and room or suite no. (If a P.O. box, see instructions.)
712 EXECUTIVE COURT

City or town, state, and ZIP code **WOODSTOCK, GA 30189**

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)

Corp No	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7204
1	Common parent corporation		4,679.	
2	Subsidiary corporations: FAIRWAY PILLOWS, INC. 712 EXECUTIVE COURT WOODSTOCK, GA 30189	[REDACTED]	0.	0.
3				
4				
5				
6				
7				
8				
9				
10				
Totals (Must equal amounts shown on the consolidated tax return)			4,679.	

Part II Principal Business Activity, Voting Stock Information, Etc. (see instructions)

Corp No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
1	Common parent corporation RETAIL SALES	453990						
2	Subsidiary corporations: MANUFACTURING	339900		X		%	%	%
3						%	%	%
4						%	%	%
5						%	%	%
6						%	%	%
7						%	%	%
8						%	%	%
9						%	%	%
10						%	%	%

Form 851 (Rev. 12-2005)

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? Yes No
 If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? Yes No
 If "Yes," enter the name of the corporation(s) and explain circumstances.

Corp. No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation other than a de minimis amount, from the corporation or another member of the affiliated group? Yes No
 If "Yes," enter the name of the corporation and see the instructions for what to enter in Items 3a, 3b, 3c, and 3d.

Corp. No.	Name of corporation	Item 3a	Item 3b	Item 3c
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No.	Item 3d - Provide a description of any arrangement

OMB No. 1545-0047

Form **4562**

Depreciation and Amortization
(Including Information on Listed Property) **OTHER**

2006

Department of the Treasury
Internal Revenue Service
Name(s) shown on 990-B

▶ See separate instructions. ▶ Attach to your tax return.

Business or activity to which this form relates

Attachment
Sequence No. 07
Identifying number

J.O. CONLEY CORP & SUBSIDIARY **OTHER DEPRECIATION** XXXXXXXXXX

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	108,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	430,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Declar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 9	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 156(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A		17	70,182.
17	MACRS deductions for assets placed in service in tax years beginning before 2006		
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		13,643.	5 YRS	HY	DB200	2,729.
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	8,786.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	81,697.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Form 4562 (2006)

J.O. CONLEY CORP & SUBSIDIARY

Page 2

Part V Listed Property (include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
 Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		24b If "Yes," is the evidence written?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
VEHICLES	VARIES	%	202,281.		5.0	200DB	8,786.	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L		
		%				S/L		
		%				S/L		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	8,786.
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year:					
43 Amortization of costs that began before your 2006 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Form **4797**

Sales of Business Property

(Also involuntary conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))
 Attach to your tax return.

OMB No. 1545-0047

2006

Attachment Sequence No. **27**

Department of the Treasury Internal Revenue Service (98)

Name(s) shown on return

Identifying number

J.O. CONLEY CORP & SUBSIDIARY

1 Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales or CG	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3	Gain, if any, from Form 4684, line 42					3
4	Section 1231 gain from installment sales from Form 6252, line 25 or 37					4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5
6	Gain, if any, from line 32, from other than casualty or theft					6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.					7
8	Nonrecaptured net section 1231 losses from prior years (see instructions) SEE STATEMENT 5					8
9	Subtract line 8 from line 7. If zero or loss, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)					9

Part II Ordinary Gains and Losses

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

SALE OF ASSETS	11	12	13	14	15	16
VARIABLES	123106	300,000.	319,920.	<19,920.>		

11	Loss, if any, from line 7	11
12	Gain, if any, from line 7 or amount from line 8, if applicable	12
13	Gain, if any, from line 31	13 20,617.
14	Net gain or (loss) from Form 4684, lines 34 and 41a	14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16
17	Combine lines 10 through 16	17 697.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: a If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18a. See instructions. b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14.	18a 18b

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form 4797 (2006)

Form 4797 (2005)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19. (a) Description of section 1245, 1250, 1252, 1254, or 1255 property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
	A VEHICLES	VARIABLES
B		
C		
D		

These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing)	27,071.			
21	Cost or other basis plus expense of sale	134,244.			
22	Depreciation (or depletion) allowed or allowable	127,790.			
23	Adjusted basis. Subtract line 22 from line 21	6,454.			
24	Total gain. Subtract line 23 from line 20	20,617.			
25	If section 1245 property:				
25a	a Depreciation allowed or allowable from line 22	127,790.			
25b	b Enter the smaller of line 24 or 25a	20,617.			
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291				
26a	a Additional depreciation after 1975				
26b	b Applicable percentage multiplied by the smaller of line 24 or line 26a				
26c	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e				
26d	d Additional depreciation after 1969 and before 1976				
26e	e Enter the smaller of line 26c or 26d				
26f	f Section 291 amount (corporations only)				
26g	g Add lines 26b, 26e, and 26f				
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
27a	a Soil, water, and land clearing expenses				
27b	b Line 27a multiplied by applicable percentage				
27c	c Enter the smaller of line 24 or 27b				
28	If section 1254 property:				
28a	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs				
28b	b Enter the smaller of line 24 or 28a				
29	If section 1255 property:				
29a	a Applicable percentage of payments excluded from income under section 126				
29b	b Enter the smaller of line 24 or 29a				

Summary of Part III Gains. Complete property columns A through D through line 23b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	20,617.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	20,617.
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4694, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation (see instructions)	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

THE J.O. CONLEY CORPORATION

Controlled Group Statement
January 31, 2007

The undersigned taxpayers, component members of a controlled group, hereby consent: (1) under Reg. Sec. 1.1561-3(a)(1) to an unequal apportionment of the \$100,000 surtax exemption and the \$11,750 additional 5% tax; (2) under Reg. Sec. 1.1561-2(c)(3) to an equal apportionment of the \$250,000 accumulated earnings credit; (3) under Sec. 38(c)(4)(B) to an unequal apportionment of the \$25,000 limitation in Sec. 38 (c); (4) under Reg. Sec. 1.58-1(c) to an unequal apportionment of the \$40,000 limitation in Sec. 55 (d)(2); and (5) under Sec. 179 (d)(6) to an unequal apportionment of the \$108,000 expense limitation and the \$430,000 cost limitation in Sec. 179 (b)(1) and (2). For depreciation purposes, the half-year convention, as provided under Sec. 168 (d)(4)(c), applied on a controlled basis group. The original of this statement is filed with the District Director, Atlanta, Georgia. This consent is effective for the tax years in which December 31, 2006 occurs.

	<u>Surtax Exemption</u>	<u>Additional 5% Tax</u>	<u>Accumulated Earnings Credit</u>
The J.O. Conley Corporation Inc. & Subs 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	\$ 75,000	\$ 11,750	\$ 125,000
Grand Harbour Imports, Inc. 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	-0-	-0-	125,000
	<u>\$ 75,000</u>	<u>\$ 11,750</u>	<u>\$ 250,000</u>

THE J.O. CONLEY CORPORATION

Controlled Group Statement
 January 31, 2006
 - Continued -

	<u>Business Credit Limitation</u>	<u>Alternative Minimum Tax Exemption</u>	<u>Section 179 Expense</u>	<u>Section 179 Cost</u>
The J.O. Conley Corporation Inc. & Subs 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	\$ 25,000	\$ 40,000	\$108,000	\$ 430,000
Grand Harbour Imports, Inc. 712 Executive Court Woodstock, Georgia 30189 [REDACTED] Year End 1-31-06	-0-	-0-	-0-	-0-
	<u>\$ 25,000</u>	<u>\$ 40,000</u>	<u>\$108,000</u>	<u>\$ 430,000</u>

Date: _____

Signature: _____
 The J. O. Conley Corporation

Date: _____

Signature: _____
 Grand Harbour Imports, Inc.

THE J.O. CONLEY CORPORATION
[REDACTED]
FORM 1120
Tax Year Ended January 31, 2007

Loss Corporation Statement:

Pursuant to Regs. §1.382-2T(a)(2)(i), The J.O. Conley Corporation, a loss corporation, discloses the following information relating to a change of ownership:

- 1) No testing dates occurred during the taxable year.
- 2) No ownership changes occurred during the taxable period.
- 3) No testing dates occurred during the taxable year.
- 4) The corporation's 5% shareholders are:

James O. Conley, Jr.	75%
Paul J. Pospishil	25%
- 5) The corporation relied on no presumptions from the filing or non-filing of certain SEC forms in determining whether a change in ownership occurred on any identified testing date.

J.O. CONLEY CORP & SUBSIDIARY



FOOTNOTES

STATEMENT 2


PERSONAL USE OF AUTOMOBILE HAS BEEN INCLUDED IN EMPLOYEES' FORMS W-2.

PERSUANT TO REG. 1.461-5(D), THE TAXPAYER HEREBY ELECTS TO ADOPT THE RECURRING ITEM EXEMPTION WITH RESPECT TO ANY APPLICABLE CATEGORY OF EXPENSE AS DESCRIBED IN THE REGULATION.

J.O. CONLEY CORP & SUBSIDIARY



OTHER INFORMATION 50% OR MORE OWNERSHIP QUESTION STATEMENT 3

(A) NAME FAIRWAY PILLOWS
ADDRESS 712 EXECUTIVE COURT WOODSTOCK, GA 30189
EMPLOYER IDENTIFICATION
NUMBER (EIN) 
(B) PERCENT OF STOCK 100.00%
(C) TAXABLE INCOME (LOSS) <67,887.>

J.O. CONLEY CORP & SUBSIDIARY



OTHER INFORMATION 50% OR MORE OF VOTING STOCKS OWNED BY STATEMENT 4

(A) NAME JAMES O. CONLEY
ADDRESS 712 EXECUTIVE COURT WOODSTOCK, GA 30189
IDENTIFYING NUMBER [REDACTED]
(B) PERCENT OF STOCK 75.00%

J.O. CONLEY CORP & SUBSIDIARY



FORM 4797 SECTION 1231 LOSSES FROM PRIOR YEARS STATEMENT 5

	<u>LOSS SUSTAINED</u>	<u>LOSS PREVIOUSLY RECAPTURED</u>	<u>LOSS REMAINING</u>
TAX YEAR 2001	1,745		1,745
TAX YEAR 2002			
TAX YEAR 2003	1,890		1,890
TAX YEAR 2004	216		216
TAX YEAR 2005	37,626		37,626
TOTAL REMAINING SECTION 1231 LOSSES FROM PRIOR YEARS			<u>41,477</u>

Statement of Consolidated Income and Deductions

Name: J.O. CONLEY CORP & SUBSIDIARY Employer identification number: [REDACTED]

Income	Schedule Reference	Combined Amounts	Consolidated Adjustments	Consolidated Amounts
Gross receipts or sales		14,996,214.		14,996,214.
Less returns and allowances		12,020.		12,020.
Net Sales		14,984,194.		14,984,194.
Cost of goods sold:				
Inventory at beginning of year		3,589,386.		3,589,386.
Purchases		6,340,464.		6,340,464.
Cost of labor				
Additional section 263A costs		70,028.		70,028.
Other costs				
Inventory end of year		2,963,348.		2,963,348.
Cost of goods sold		7,036,530.		7,036,530.
Gross Profit		7,947,664.		7,947,664.
Dividends		275,000.	<275,000.>	0.
Interest		36.		36.
Gross rents				
Gross royalties				
Capital gain net income				
Net gain or (loss) Form 4797		697.		697.
Other income		142,115.		142,115.
Total Income		8,365,512.		8,090,512.
Deductions				
Compensation of officers		213,293.		213,293.
Salaries and wages		3,099,385.		3,099,385.
Repairs		61,008.		61,008.
Bad debts				
Rents		2,631,383.		2,631,383.
Taxes		329,628.		329,628.
Interest		100,625.		100,625.
Contributions				
Depreciation not claimed elsewhere		81,697.		81,697.
Depletion				
Advertising		146,887.		146,887.
Pension, profit-sharing, etc. plans				
Employee benefit programs		20,299.		20,299.
Domestic Production Activities Deduction				
Other deductions		1,724,104.		1,724,104.
Total Deductions		8,408,309.		8,408,309.
Taxable income before NOL and special deductions		<42,797.>		<317,797.>
Net operating loss deduction - limited	STMT 6	50,090.	<50,090.>	0.
Special deductions				
Taxable Income		<92,887.>		<317,797.>

J.O. CONLEY CORP & SUBSIDIARY



NET OPERATING LOSS ADJUSTMENT

STATEMENT 6

CONSOLIDATED TAXABLE INCOME BEFORE NOL AND DPAD DEDUCTION <317,797.>

	SRLY OR SEC. 382 LIMIT	TOTAL NOL AVAILABLE	TOTAL NOL AFTER SRLY OR SEC. 382 LIMITATION	TOTAL NOL DEDUCTED	REMAINING TAXABLE INCOME AFTER NOL DEDUCTION
YEAR END	01/31/06	THE J.O. CONLEY CORPORATION			
		154,794.	154,794.	0.	
SUBTOTAL		154,794.	154,794.	0.	
CONSOLIDATED NOL DEDUCTION			0.		
COMBINED NOL DEDUCTION			50,090.		
CONSOLIDATED NOL ADJUSTMENT			<50,090.>		

J.O. CONLEY CORP & SUBSIDIARY



ALLOCATION OF CURRENT CONSOLIDATED NET OPERATING LOSS TO MEMBER CORPORATIONS STATEMENT 7

CURRENT CONSOLIDATED NOL	X	MEMBER'S CURRENT NOL	/	TOTAL OF ALL MEMBERS WITH NOL	=	NOL ALLOCATED TO THIS COMPANY
01/31/07		FAIRWAY PILLOWS, INC.				
317,797.		92,887.		92,887.		317,797.

SCHEDULE OF COMBINED INCOME AND DEDUCTIONS

THE J. O. COMBINED CONCRETE PAVEMENT CORPORATION
 AMOJUNTS CORPORATION PILLOWTS, INC.

Income	14,996,214.	13,992,297.	1,003,917.
Gross receipts or sales	12,020.	12,020.	12,020.
Less returns and allowances	14,984,194.	13,992,297.	991,997.
Net Sales			
Cost of goods sold:			
Inventory at beginning of year	3,539,386.	3,286,919.	360,467.
Purchases	6,340,464.	6,231,043.	109,421.
Cost of labor	70,028.	<4,785.>	74,813.
Additional section 263A costs			
Other costs	2,963,348.	2,963,348.	
Inventory end of year	7,036,530.	6,551,829.	484,701.
Cost of goods sold	7,947,664.	7,440,468.	507,196.
Gross profit			
Dividends	275,000.	275,000.	
Interest	36.	36.	
Net gain (loss) Form 4797	697.	20,617.	<19,920.>
Other income	142,115.	142,115.	
Total income	8,365,512.	7,878,236.	487,276.
Deductions			
Compensation of officers	213,293.	213,293.	
Salaries and wages	3,099,385.	2,782,838.	316,547.
Repairs	61,008.	55,230.	5,778.
Bad debts			
Charitable Contributions			
Depreciation not claimed elsewhere	81,697.	80,899.	798.
Depletion			
Advertising	146,887.	146,887.	
Pension, profit-sharing, etc. plans			
Employee benefit programs	20,299.	18,109.	2,190.
Domestic Production Activities Deduction			
Other deductions	1,724,104.	1,550,372.	173,732.
Total Deductions	8,408,309.	7,828,146.	580,163.
Taxable income before NOL and special deductions	<42,797.>	50,090.	<92,887.>
Net operating loss deduction	50,090.	50,090.	
Special deductions			
Taxable income	<92,887.>		<92,887.>

J.O. CONLEY CORP & SUBSIDIARY

JRM 1120

CURRENT CHARITABLE CONTRIBUTIONS

STATEMENT 8

CONTRIBUTOR	AMOUNTS	THE J. O. CONLEY CORPORATION	FAIRWAY FILLOWS, INC.
	90.	[REDACTED]	[REDACTED]
	50.		
TOTAL CURRENT CONTRIBUTIONS			

J.O. CONROY CORP & SUBSIDIARY

MEMORANDUM

SECTION 263A COSTS

STATEMENT 9

COMBINED THE J.O. FAIRMAY
 AMOUNTS CONROY CORPORATION FELLOWS, INC.

	70,028.	4,785.3	74,813.
SECTION 263A COSTS			
TOTAL SECTION 263A	70,028.	4,785.3	74,813.

J. O. CONLEY CORP & SUBSIDIARY

FORM 1120

COMBINED INTEREST INCOME

STATEMENT 10

COMBINED AMOUNTS

THE J. O. CONLEY CORPORATION

FAIRWAY PALLEWS, INC.

INTEREST INCOME

38.

38.

TOTAL INTEREST INCOME

38.

38.

J.O. CONLEY CORP & SUBSIDIARY

JUN 11 20

COMBINED OTHER INCOME

STATEMENT 11

	COMBINED AMOUNTS	THE J.O. CONLEY CORPORATION	FAIRWAY PLOWNS, INC.
OTHER INCOME	142,115.	[REDACTED]	[REDACTED]
OTHER INCOME	442,115.	142,115.	
TOTAL OTHER INCOME			

J.O. CONLEY CORP & SUBSIDIARY

FORM 1120

COMBINED TAXES

STATEMENT 12

	COMBINED AMOUNTS	THE J.O. CONLEY CORPORATION	FAIRWAY PILONS, INC.
INDEBTEDNESS	276,005.	244,925.	31,080.
PROPERTY TAXES	815.	815.	
STATE INCOME/NET WORTH TAX	52,808.	46,770.	6,038.
SALES AND LICENSES			
TOTAL TAXES	329,628.	292,510.	37,118.

J. O. CONLEY CORP & SUBSIDIARY
 CRM 1120

COMBINED OTHER DEDUCTIONS

STATEMENT 11

	COMBINED AMOUNTS	THE J. O. CONLEY CORPORATION	FAIRWAY PILLOWS, INC.
NO	128.		128.
TRUCK CHARGES	342,996.	342,856.	140.
EQUIPMENT LEASES	16,008.	16,005.	
INSURANCE EXPENSE	291,073.	258,850.	32,223.
BASED EQUIPMENT	3,325.		3,325.
LEGAL AND PROFESSIONAL FEES	70,584.	70,584.	
SALES AND ENTERTAINMENT	2,093.	2,093.	
SCHELLANCOUS	5,584.	5,584.	
STORAGE AND DELIVERY	2,001.		2,001.
TURNED CHECKS	13,188.	13,188.	
TRIPPING	88,590.		88,590.
WARRANT/OVER	14,995.	14,995.	
TRUCKS	143,814.	118,085.	25,728.
DEPRECIATION	85,177.	80,841.	4,336.
REMOVAL	81,521.	81,521.	
REPAIRS	10,947.	14,193.	2,754.
RENTALS	400,569.	386,062.	14,507.
OTHER EXPENSES	145,514.	145,514.	
OTHER DEDUCTIONS	1,724,104.	1,550,372.	173,732.

Statement of Consolidated Beginning Balance Sheet

File No.

Employer identification number

J.O. CONLEY CORP & SUBSIDIARY

Assets	Schedule Reference	Combined Amounts	Consolidated Adjustments	Consolidated Amounts
Cash		<359,619.>		<359,619.>
Trade notes and accounts receivable		281,136.		281,136.
Less allowance for bad debts				
Inventories		3,589,386.		3,589,386.
U.S. government obligations				
Tax-exempt securities				
Other current assets		81,496.	<80,000.>	1,496.
Loans to stockholders				
Mortgage and real estate loans				
Other investments		82,500.	<500.>	82,000.
Buildings and other depreciable assets		1,860,078.		1,860,078.
Less accumulated depreciation		1,274,660.		1,274,660.
Depletable assets				
Less accumulated depletion				
Land (net of any amortization)				
Intangible assets (amortizable only)				
Less accumulated amortization				
Other assets		96,481.		96,481.
Total Assets		4,356,798.		4,276,298.
Liabilities and Stockholders' Equity				
Accounts payable		286,346.		286,346.
Mortgages, notes, bonds payable in less than 1 year		477,302.		477,302.
Other current liabilities		215,499.	<80,000.>	135,499.
Loans from stockholders				
Mortgages, notes, bonds payable in 1 year or more		849,614.		849,614.
Other liabilities		214,038.		214,038.
Capital stock: a Preferred stock				
b Common stock		1,700.	<500.>	1,200.
Additional paid-in capital				
Retained earnings - Appropriated				
Retained earnings - Unappropriated		2,312,299.		2,312,299.
Adjustments to shareholders' equity				
Less cost of treasury stock				
Total Liabilities and Stockholders' Equity		4,356,798.		4,276,298.

SCHEDULE OF COMBINED BEGINNING BALANCE SHEET

THE J.O. FAIRMAY
 CORBINED CONLEY CORPORATION PILLIOWS, INC.
 ACCOUNTS

Assets	2008	2007	2006
Cash	4,359,519.29	4,375,212.29	15,591.
Trade notes and accounts receivable	281,136.	116,585.	164,541.
Less allowance for bad debts			
Inventories	3,585,386.	3,288,519.	300,487.
U.S. government obligations			
Tax-exempt securities			
Other current assets	81,486.	81,486.	
Loans to stockholders			
Mortgages and real estate loans			
Other investments	82,500.	82,500.	
Buildings and other depreciable assets	1,860,078.	1,790,543.	69,535.
Less accumulated depreciation	1,274,660.	1,206,502.	68,158.
Depreciable assets			
Less accumulated depreciation			
Land (net of any amortization)			
Intangible assets (amortizable only)			
Less accumulated amortization			
Other assets	96,481.	96,481.	
Total Assets	4,356,798.	3,874,820.	481,978.
Liabilities and Stockholders' Equity			
Accounts payable	286,346.	180,650.	105,696.
Mortgages, notes, bonds payable in less than 1 year	477,302.	477,302.	
Other current liabilities	215,499.	102,341.	83,156.
Loans from stockholders			
Mortgages, notes, bonds payable in 1 year or more	849,614.	849,614.	
Other liabilities	214,038.	214,038.	
Capital stock: a Preferred stock b Common stock	1,700.	1,200.	500.
Additional paid-in capital			
Retained earnings - Appropriated			
Adjustments to shareholders equity	2,312,299.	2,019,675.	292,624.
Less cost of treasury stock			
Total Liabilities and Stockholders' Equity	4,356,798.	3,874,820.	481,978.

J.O. CONLEY CORP & SUBSIDIARY

CREDIT 1

COMBINED OTHER CURRENT ASSETS

STATEMENT 11

	COMBINED AMOUNTS	THE J.O. CONLEY CORPORATION	FAIRWAY FILMWS, INC.
FROM - JOE ACQUISITION, LLC	1,496.	1,496.	
FROM FAIRWAY FILMWS	80,000.	80,000.	
TOTAL OTHER CURRENT ASSETS	81,496.	81,496.	

J.O. CONLEY CORP & SUBSIDIARY

SCHEDULE 1

COMBINED OTHER INVESTMENTS

STATEMENT 15

INVESTMENT IN FAIRWAY FILLOWS	COMBINED AMOUNTS	THE J.O. CONLEY CORPORATION	FAIRWAY FILLOWS, INC.
	82,500.	[REDACTED]	[REDACTED]
TOTAL OTHER INVESTMENTS	82,500.	82,500.	

J. O. CONLEY CORP & SUBSIDIARY

CHEQUE E

COMBINED OTHER ASSETS

STATEMENT 15

COMBINED AMOUNTS

THE J. O. CONLEY CORPORATION

FAIRWAY PILLOWS, INC.

DEFERRED TAX ASSET POSITIVE

46,988.
49,513.

[REDACTED]

[REDACTED]

TOTAL OTHER ASSETS

96,481.

96,481.

J. O. CONLEY CORP & SUBSIDIARY

SCHEDULE 1

OTHER CURRENT LIABILITIES

STATEMENTS 17

	COMBINED ACCOUNTS	THE J. O. CONLEY CORPORATION	FAIRWAY PILOTS, INC.
ACCUMULATED EXPENSES DUE TO JO CONLEY CORP	15,301.	15,301.	80,000.
ACCUMULATED TAXES PAYABLE	80,000.	36,793.	3,158.
ACCUMULATED TAXES PAYABLE	39,951.	80,247.	
ACCUMULATED TAXES PAYABLE	80,247.		
TOTAL OTHER CURRENT LIABILITIES	215,499.	132,341.	83,158.

J.O. CONLEY CORP & SUBSIDIARY

SCHEDULE 1

COMBINED OTHER LIABILITIES

STATEMENT IN

COMBINED
ACCOUNTS

THE J.O.
CONLEY
CORPORATION

FAIRWAY
PILOTS, INC.

214,038.

214,038.

214,038.

214,038.

OTHER OTHER LIABILITIES

Statement of Consolidated Ending Balance Sheet and Schedule M-2

Name

Employer identification number

J.O. CONLEY CORP & SUBSIDIARY

Assets	Schedule Reference	Combined Amounts	Consolidated Adjustments	Consolidated Amounts
Cash				
Trade notes and accounts receivable		211,368.		211,368.
Less allowance for bad debts				
Inventories		2,963,348.		2,963,348.
U.S. government obligations				
Tax-exempt securities				
Other current assets				
Loans to stockholders				
Mortgage and real estate loans				
Other investments		82,500.	<500.>	82,000.
Buildings and other depreciable assets		1,669,942.		1,669,942.
Less accumulated depreciation		1,159,611.		1,159,611.
Depletable assets				
Less accumulated depletion				
Land (net of any amortization)				
Intangible assets (amortizable only)				
Less accumulated amortization				
Other assets		167,354.		167,354.
Total Assets		3,934,901.		3,934,401.
Liabilities and Stockholders' Equity				
Accounts payable		189,022.		189,022.
Mortgages, notes, bonds payable in less than 1 year		347,632.		347,632.
Other current liabilities		523,477.		523,477.
Loans from stockholders				
Mortgages, notes, bonds payable in 1 year or more		471,896.		471,896.
Other liabilities		218,141.		218,141.
Capital stock: a Preferred stock				
b Common stock		1,700.	<500.>	1,200.
Additional paid-in capital				
Retained earnings - Appropriated				
Retained earnings - Unappropriated		2,183,033.		2,183,033.
Adjustments to shareholders' equity				
Less cost of treasury stock				
Total Liabilities and Stockholders' Equity		3,934,901.		3,934,401.
Schedule M-2 - Analysis of Unappropriated Retained Earnings per Books				
Balance at beginning of year		2,312,299.		2,312,299.
Net income per books		145,734.		<129,266.>
Other increases				
Total Increases		2,458,033.		2,183,033.
Distributions: Cash		275,000.	<275,000.>	0.
Stock				
Property				
Other decreases				
Total Decreases		275,000.		0.
Balance at End of Year		2,183,033.		2,183,033.

SCHEDULE OF COMBINED ENDING BALANCE SHEET AND SCHEDULE M-2

THE J.O. CONLEY FAIRWAY
 COMBINED CONLEY CORPORATION PILLOW, INC.
 AMOUNTS

Assets	2009	2008	2007
Cash	211,368.	211,368.	
Trade notes and accounts receivable			
Less allowance for bad debts	2,963,348.	2,963,348.	
Inventories			
U.S. government obligations			
Tax-exempt securities			
Other current assets			
Loans to stockholders			
Mortgage and real estate loans	82,500.	82,500.	
Other investments	1,669,942.	1,669,942.	
Buildings and other depreciable assets	1,159,611.	1,159,611.	
Less accumulated depreciation			
Depletable assets			
Less accumulated depletion			
Land (net of any amortization)			
Intangible assets (amortizable only)			
Less accumulated amortization			
Other assets	167,354.	167,354.	
STATEMENT 20			
Total Assets	3,934,901.	3,934,901.	
Liabilities and Stockholders' Equity			
Accounts payable	189,022.	189,022.	
Short term mortgages, notes, and bonds	347,632.	347,632.	
Other current liabilities	523,477.	523,477.	
STATEMENT 21			
Loans from stockholders	471,896.	471,896.	
Long term mortgages, notes, and bonds	218,141.	218,141.	
Other liabilities			
STATEMENT 22			
Capital stock: a Preferred stock			500.
b Common stock	1,700.	1,200.	
Additional paid-in capital			
Retained earnings - Appropriated			<500.>
Retained earnings - Unappropriated	2,183,033.	2,183,533.	
Adjustments to shareholders' equity			
Less cost of treasury stock			
Total Liabilities and Stockholders' Equity	3,934,901.	3,934,901.	
Schedule M-2			
Balance at beginning of year	2,312,299.	2,019,675.	292,624.
Net income per books	145,734.	163,858.	<18,124.>
Other increases			
Other decreases	2,458,033.	2,183,533.	274,500.
Total Increases			
Distributions: Cash	275,000.	275,000.	
Stock			
Property			
Other decreases	275,000.		275,000.
Total Decreases			
Balance at End of Year	2,183,033.	2,183,533.	<500.>

J. O. CONLEY CORP & SUBSIDIARY

SCHEDULE 1

COMBINED OTHER INVESTMENTS

STATEMENT 19

COMBINED AMOUNTS	THE J. O. CONLEY CORPORATION	FAIRWAY PILLOWS, INC.
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INVESTMENT IN FAIRWAY PILLOWS	82,500.	82,500.	
OTHER INVESTMENTS	82,500.	82,500.	
TOTAL OTHER INVESTMENTS	165,000.	165,000.	

J.O. CONLEY CORP & SUBSIDIARY

CREDIT 1

COMBINED OTHER ASSETS

STATEMENT 21

COMBINED AMOUNTS	THE J.O. CONLEY CORPORATION	FAIRWAY FILLOWS, INC.
DEFERRED TAX ASSET	119,831.	119,831.
DEPOSITS	47,523.	47,523.
TOTAL OTHER ASSETS	167,354.	167,354.