

Veratex Inc.
Balance Sheet
June 30, 2014

ASSETS

Current Assets		
Cash in Bank (Checking)	\$	<41,608.14>
Accounts Receivable		156,820.08
Inventory		364,800.00
Loan Receivable (VRTX)		132,316.32
Total Current Assets		612,328.26
Property and Equipment		
Furniture and Fixtures		81,874.00
Accum. Depreciation - Furnitur		<81,874.00>
Total Property and Equipment		0.00
Other Assets		
Total Other Assets		0.00
Total Assets	\$	<u>612,328.26</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	96,494.30
Sarsep Payable		19,646.08
Federal Payroll Taxes Payable		917.89
FICA Tax Payable		2,172.52
State Payroll Taxes Payable		439.32
Disability Tax Payable		28.80
City Payroll Taxes Payable		93.92
Total Current Liabilities		119,792.83
Long-Term Liabilities		
Loan Payable (CS)		143,370.17
Loan Payable (HSBC)		78,362.52
Loan Payable(CS-MS)		165,000.00
Total Long-Term Liabilities		386,732.69
Total Liabilities		506,525.52
Capital		
Paid-in Capital		125,000.00
Retained Earnings		<5,237.19>
Net Income		<13,960.07>
Total Capital		105,802.74
Total Liabilities & Capital	\$	<u>612,328.26</u>

Unaudited - For Management Purposes Only

Veratex Inc.
Income Statement
For the Six Months Ending June 30, 2014

	Current Month		Year to Date	
Revenues				
Sales (Veratex)	\$ 91,459.04	100.51	\$ 489,445.25	101.38
Sales (Factor)	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00
Administrative Services	0.00	0.00	0.00	0.00
Finance Charge Income	0.00	0.00	0.00	0.00
Sales Returns and Allowances	<442.00>	<0.49>	<6,250.92>	<1.29>
Sales Discounts	<20.00>	<0.02>	<430.10>	<0.09>
Total Revenues	90,997.04	100.00	482,764.23	100.00
Cost of Sales				
Cost of Sales (Package Yarn)	0.00	0.00	0.00	0.00
Cost of Sales (Warping)	0.00	0.00	0.00	0.00
Cost of Sales (Beam Yarn)	21,484.00	23.61	143,989.84	29.83
Cost of Sales (Knitting)	4,213.79	4.63	54,570.45	11.30
Cost of Sales (Greige Goods)	0.00	0.00	0.00	0.00
Cost of Sales (D&F)	14,413.79	15.84	112,906.28	23.39
Cost of Sales (Finished Goods)	0.00	0.00	3,000.00	0.62
Cost of Sales (Other)	0.00	0.00	0.00	0.00
Storage and Warehousing	829.74	0.91	3,442.26	0.71
Freight	3,067.13	3.37	10,877.70	2.25
Total Cost of Sales	44,008.45	48.36	328,786.53	68.10
Gross Profit	46,988.59	51.64	153,977.70	31.90
Expenses				
Bad Debt Expense	0.00	0.00	0.00	0.00
Bank Charges	70.77	0.08	647.42	0.13
Officer's Salaries	5,666.67	6.23	34,000.02	7.04
Salaries and Wages	8,533.16	9.38	55,540.54	11.50
Depreciation Expense	0.00	0.00	0.00	0.00
Commissions (CD)	0.00	0.00	0.00	0.00
Commissions (JTM)	0.00	0.00	0.00	0.00
Commissions (HS)	0.00	0.00	0.00	0.00
Commissions (JCS)	0.00	0.00	0.00	0.00
Commissions (VD)	0.00	0.00	0.00	0.00
Commissions (RJA)	0.00	0.00	0.00	0.00
Commissions (GS)	0.00	0.00	100.20	0.02
Commissions (LS)	0.00	0.00	0.00	0.00
Dues and Subscriptions Exp	0.00	0.00	0.00	0.00
Truck and Delivery (UPS)	218.48	0.24	1,772.82	0.37
Overnight Mail Service	127.84	0.14	338.60	0.07
Hospitalization and Insurance	4,521.14	4.97	23,000.63	4.76
Insurance Expense	229.10	0.25	1,942.90	0.40
Interest Expense	269.60	0.30	1,598.11	0.33
Interest Expense (A/R)	0.00	0.00	0.00	0.00
Interest Expense (Factor)	0.00	0.00	0.00	0.00
Commission Expense (Factor)	0.00	0.00	0.00	0.00
Bookkeeping Expense (Factor)	0.00	0.00	0.00	0.00
Legal and Professional Expense	2,016.00	2.22	13,346.00	2.76
Promotion	313.55	0.34	444.83	0.09
Travel	<14.00>	<0.02>	1,835.00	0.38
Research and Development	0.00	0.00	100.00	0.02
Office Expense	62.03	0.07	2,524.88	0.52

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	Current Month		Year to Date	
Payroll Tax Expense	4,884.98	5.37	14,461.64	3.00
NYS Unemployment Tax	0.00	0.00	752.58	0.16
Federal Unemployment Tax	0.00	0.00	525.62	0.11
NYS Corporation Tax	0.00	0.00	1,000.00	0.21
NYC Corporation Tax	61.37	0.07	1,597.37	0.33
Postage Expense	0.00	0.00	915.68	0.19
Rent Expense	2,500.00	2.75	7,500.00	1.55
Repairs & Maintenance Expense	100.00	0.11	100.00	0.02
Telep. & Long Distance Expense	397.18	0.44	3,276.99	0.68
Garbage Service	0.00	0.00	0.00	0.00
Utilities Expense	0.00	0.00	615.94	0.13
Other Expense	0.00	0.00	0.00	0.00
Gain/Loss on Sale of Assets	0.00	0.00	0.00	0.00
Total Expenses	<u>29,957.87</u>	<u>32.92</u>	<u>167,937.77</u>	<u>34.79</u>
Net Income	<u>\$ 17,030.72</u>	<u>18.72</u>	<u>\$ <13,960.07></u>	<u><2.89></u>

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