Financial Statements
Years Ended
September 30, 2011 and 2010

LB&B Associates, Inc.

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

LB&B Associates, Inc.

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DIXON HUGHES GOODMAN LLP
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Report of Independent Auditors

Board of Directors
LB&B Associates, Inc.

We have audited the accompanying balance sheet of ***LB&B Associates, Inc.*** as of September 30, 2011, and the related statements of income, changes in equity, and cash flows for the year then ended. These financial statements are the responsibility of the management of ***LB&B Associates, Inc.*** Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of September 30, 2010 were audited by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated February 25, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ***LB&B Associates, Inc.'s*** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of ***LB&B Associates, Inc.*** as of September 30, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Tysons, Virginia
February 1, 2012

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LB&B Associates, Inc.

Balance Sheets

September 30,	2011	2010
Assets		
Current assets	[redacted]	
Cash		
Accounts receivable - net		
Other receivables		
Due from joint ventures		
Other current assets		
Total current assets		
Property and equipment - net		
Investments in joint ventures		
Deposits		
Liabilities and Stockholders' Equity		
Current liabilities	[redacted]	
Accounts payable		
Accrued expenses		
Accrued salaries and fringe benefits		
Capital lease obligation		
Total current liabilities		
Stockholders' equity		

The accompanying notes are an integral part of these financial statements.

LB&B Associates, Inc.

Statements of Income

Years Ended September 30,	2011	2010
Contract revenue	[redacted]	[redacted]
Direct contract costs	[redacted]	[redacted]
Gross profit	[redacted]	[redacted]
Indirect contract costs	[redacted]	[redacted]
Costs not allocable to contracts	[redacted]	[redacted]
Operating income	[redacted]	[redacted]
Other income (expense)		
Income from joint ventures	[redacted]	[redacted]
Interest income	[redacted]	[redacted]
Interest expense	[redacted]	[redacted]
Total other income (expense) - net	[redacted]	[redacted]
Income before income taxes	[redacted]	[redacted]
Income tax expense	[redacted]	[redacted]
Net income	[redacted]	[redacted]

The accompanying notes are an integral part of these financial statements.

LB&B Associates, Inc.

Statements of Changes in Equity

Years Ended September 30, 2011 and 2010

	Capital	Retained Earnings	Total
Balance - September 30, 2009	[redacted]		
Net income			
Distributions			
Balance - September 30, 2010			
Net income			
Distributions			
Balance - September 30, 2011			

The accompanying notes are an integral part of these financial statements.

LB&B Associates, Inc.

Statements of Cash Flows

Years Ended September 30,	2011	2010
Cash flows from operating activities	[redacted]	
Net income from continuing operations		
Adjustments to reconcile to net cash from operating activities:		
Bad debt recovery		
Depreciation		
Income from joint ventures		
Change in:		
Accounts receivable		
Other receivables		
Due from joint ventures		
Other current assets		
Deposits		
Accounts payable and accrued expenses		
Accrued salaries and fringe benefits		
Net cash from operating activities		
Cash flows from investing activities	[redacted]	
Purchase of property and equipment		
Distributions from joint ventures		
Net cash from investing activities		
Cash flows from financing activities		
Principal payments on notes payable		
Distributions to stockholders		
Principal payments on capital lease obligations		
Net cash from financing activities		
Net change in cash		
Cash - beginning of year		
Cash - end of year		
Supplemental disclosures of cash flow information	[redacted]	
Cash paid for interest		
Cash paid for income taxes		

Supplemental disclosures of noncash financing activities

During 2010, the Company acquired $1,912,011 of vehicles under a capital lease agreement.

The accompanying notes are an integral part of these financial statements.

1. Organization and Nature of Business

LB&B Associates, Inc. (Company) is a North Carolina corporation headquartered in Columbia, Maryland, that provides diversified services, primarily operations and maintenance support services, to the U.S. government. The Company also provides manufacturing and assembly services for the U.S. government and various private companies.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America (GAAP) applied on a basis consistent with that of the preceding years. Outlined below are those policies considered particularly significant.

Revenue Recognition

Revenue on fixed-price contracts is recognized as per the payment schedule detailed in the corresponding contracts and approximates the percentage-of-completion method, which uses costs incurred in relation to total estimated costs. Revenue on time-and-materials contracts is recognized to the extent of billable rates times hours delivered plus materials expense incurred. Revenue on cost-plus-fee contracts is recognized to the extent of costs incurred plus a proportionate amount of fee earned. Anticipated losses are recognized in the period they become known.

Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash invested at a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) coverage. The Company maintains its cash investments with high quality financial institutions. At September 30, 2011, the cash balances were fully insured. [redacted] of the federally insured limit.

Accounts receivable mainly consist of amounts due from the federal government. These amounts are reviewed periodically by management in order to determine amounts which may potentially be deemed uncollectible.

[redacted] from two customers. [redacted] contract revenue was derived from two customers. For the year ended September 30, 2011, there was not a concentration of receivables. For the year ended September 30, 2010, approximately [redacted] or [redacted] accounts receivables was derived from one customer.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Vehicles	5 - 9 years
Office furniture	3 - 5 years
Manufacturing and communication equipment	5 years
Computer equipment	3 years
Fuel tanks	5 years

During 2010, management determined that the estimated useful life of certain vehicles was longer than originally estimated. These vehicles had previously been depreciated to their salvage value. Management estimates these vehicles have approximately four useful years remaining and will not have a salvage value after those four years. [redacted] depreciation expense incurred in 2011 and 2010, respectively, that would not have been incurred using the original estimate. This reduced property and equipment – net, operating income and net income by [redacted].

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Income Taxes

The stockholders of the Company have elected to be taxed as an S corporation, whereby all income, losses and credits of the Company are passed through to the stockholders. Consequently, no provision for federal income taxes is included in these financial statements. The Company remains liable for income taxes in jurisdictions that do not recognize S corporation status. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2011. Fiscal years ending on or after September 30, 2008 remain subject to examination by federal and state tax authorities.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 1, 2012, the date the financial statements were available to be issued.

3. Accounts Receivable

Accounts receivable is comprised of the following:

	2011	2010
Billed	[redacted]	
Accrued billings		
Unbilled		
Less - allowance for doubtful accounts		

4. Property and Equipment

Major classes of property and equipment consisted of the following:

	2011	2010
Vehicles	[redacted]	
Office furniture		
Manufacturing and communication equipment		
Computer equipment		
Fuel tanks		
Less - accumulated depreciation		

5. Line of Credit

The Company has a line of credit with a bank, due on demand, which provides for borrowings not to exceed [redacted] (3.01% at September 30, 2011). The agreement is secured by the Company's trade accounts receivable. As of September 30, 2011, the Company was in compliance with all financial covenants. There were no outstanding amounts at September 30, 2011 and 2010.

6. Common Stock

The Company has authorized 500 no par value common shares. There were [redacted] shares issued and outstanding at September 30, 2011 and 2010.

7. Leases

Operating Leases

The Company has entered into several noncancelable operating leases for office space expiring through 2017. The leases include an annual escalation clause and a portion of shared expenses. Rent expense charged to operations for [redacted].

Future estimated lease payments are as follows:

2012
2013
2014
2015
2016
Thereafter

[redacted]

Capital Leases

The Company acquired multiple vehicles under a one-year capital lease agreement during 2010. At September 30, 2011, the carrying value of the equipment, less accumulated depreciation [redacted], was [redacted] 2011 and 2010, respectively. The capital lease was paid in full during 2011.

8. Costs Not Allocable to Contracts

Costs not allocable to contracts consisted of the following:

Bonus expenses
Entertainment expenses
Legal expenses
Miscellaneous unallowable expenses

[redacted]

9. Retirement Plan

The Company maintains a 401(k) retirement plan (Plan) under which the Company may match employees' deferrals. Beginning on January 1, 2009, the Company changed its matching formula from 50% of deferrals up to 5% of compensation to matching 60% of deferrals up to 6% of compensation, upon the employee's completion of five years of service. The Company may also contribute an additional discretionary amount. [redacted]

10. Commitments and Contingencies

Substantially all of the Company's revenues have been derived from contracts with the U.S. government. These contract revenues are subject to adjustment upon audit by government agencies. Management does not expect the results of such audits to have a material effect on the Company's financial position or results of future operations. Final indirect cost rates have been established by audit for all years through 2004.

11. Investments in Joint Ventures

The Company has entered into several joint venture agreements. Under the term of the agreements, the Company shares 49% of all income and expenses of the joint ventures. The joint ventures are carried at equity and adjusted for the Company's proportionate share of their undistributed earnings or losses.

Investments carried at equity consisted of the following:

	[redacted]
September 30, 2011	
Investment – at equity	
Equity in income	
Distributions	
September 30, 2010	[redacted]
Investment – at equity	
Equity in income	
Distributions	

The amounts due from the joint ventures do not have set repayment terms and do not accrue interest.

Summarized information as to the assets, liabilities and results of operations is as follows:

September 30, 2011	[redacted]
Assets	
Liabilities	
Equity	
Revenue	
Expenses	
Net income	
September 30, 2010	
Assets	[redacted]
Liabilities	
Equity	
Revenue	
Expenses	
Net income	

The BSA/LB&B Joint Venture records distributions when paid. As of September 30, 2011, distributions had not been paid to all owners on a pro rata basis.

[redacted]

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