Financial Statements
Years Ended
September 30, 2012 and 2011

LB&B Associates Inc.

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

LB&B Associates Inc.

Contents

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Certified Public Accountants and Advisors

Report of Independent Auditors

Board of Directors
LB&B Associates Inc.

We have audited the accompanying balance sheets of ***LB&B Associates Inc.*** as of September 30, 2012 and 2011, and the related statements of income, changes in equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***LB&B Associates Inc.*** as of September 30, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Tysons, Virginia
January 25, 2013

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LB&B Associates Inc.

Balance Sheets

September 30,	**2012**	**2011**
Assets		
Current assets		
Cash	[redacted]	
Accounts receivable - net		
Other receivables		
Due from joint ventures		
Stockholder advances		
Other current assets		
Total current assets		
Property and equipment - net		
Investments in joint ventures		
Deposits		
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	[redacted]	
Accrued expenses		
Accrued salaries and fringe benefits		
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,	**2012**	**2011**
Contract revenue	[redacted]	
Direct contract costs		
Gross profit		
Indirect contract costs		
Costs not allocable to contracts		
Operating income		
Other income (expense)		
Gain on sale of equipment		
Income from joint ventures		
Interest income		
Interest expense		
Total other income (expense) - net		
Income before income taxes	[redacted]	
Income tax expense		
Net income		

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

LB&B Associates Inc.

Statements of Changes in Equity

Years Ended September 30, 2012 and 2011

	Capital	Retained Earnings	Total
Balance - September 30, 2010	[redacted]		
Net income			
Distributions			
Balance - September 30, 2011			
Net income			
Distributions			
Balance - September 30, 2012			

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

LB&B Associates Inc.

Statements of Cash Flows

Years Ended September 30,	**2012**	**2011**
Cash flows from operating activities		
Net income	[redacted]	
Adjustments to reconcile to net cash from operating activities:		
Bad debt recovery		
Depreciation		
Income from joint ventures		
Gain from sale of equipment		
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		
Purchase of property and equipment	[redacted]	
Proceeds from disposal of equipment		
Stockholder advances		
Distributions from joint ventures		
Net cash from investing activities		
Cash flows from financing activities		
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		
Cash paid for interest		
Cash paid for income taxes		

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

September 30, 2012 and 2011

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, 2012 and 2011, the cash balances were fully insured.

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] For the year ended September 30, 2011, approximately [redacted] of contract revenue was derived from two customers. For the year ended September 30, 2012, [redacted] was derived from one customer. There were no concentrations of accounts receivables for the year ended September 30, 2011.

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. The Company grants uncollateralized credit, in the form of accounts receivables, to its customers which are primarily agencies of the United States government or subcontractors to the United States government.

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

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 and assumptions that were used.

Income Taxes

The stockholders of the Company have elected to be taxed under the provisions of subchapter S of the Internal Revenue Code. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on their proportionate shares of the Company's taxable income. The Company remains a taxable entity for those jurisdictions which do not recognize S corporation status. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred for those states that do not recognize S corporation status. The Company provides for deferred taxes on temporary differences arising from assets and liabilities whose basis is different for financial reporting and income tax purposes. The differences relate primarily to reporting taxes on the cash basis of accounting primarily related to accounts receivable, accounts payable and accruals. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2012. Fiscal years ending on or after September 30, 2009 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 January 25, 2013, the date the financial statements were available to be issued.

3. Accounts Receivable

Accounts receivable was comprised of the following:

	2012	2011
Billed	[redacted]	
Accrued billings		
Unbilled		
Less - allowance for doubtful accounts		

4. Property and Equipment

Major classes of property and equipment consisted of the following:

	2012	2011
Vehicles	[redacted]	
Office furniture		
Manufacturing and communication equipment		
Computer equipment		
Fuel tanks		
Less - accumulated depreciation		

5. Stockholder Advances

During 2012, the Company advanced the stockholders [redacted] These advances did not have any stated repayment terms, did not accrue interest and were due on demand. The advances were repaid subsequent to year end through distributions.

6. Line of Credit

[redacted] The agreement is secured by the Company's trade accounts receivable. As of September 30, 2012, the Company was in compliance with all financial covenants. There were no outstanding amounts at September 30, 2012 and 2011.

7. Common Stock

The Company has authorized 500 no par value common shares. There were [redacted] shares issued and outstanding at September 30, 2012 and 2011.

8. Leases

The Company has entered into several noncancelable operating leases for office space expiring through 2017. The leases contain annual escalation clauses and require the Company to pay a portion of shared expenses. Rent expense charged to operations for 2012 and 2011 [redacted]

Future estimated lease payments are as follows:

2013	[redacted]
2014	
2015	
2016	
2017	

9. Costs Not Allocable to Contracts

Costs not allocable to contracts consisted of the following:

	2012	2011
Bonus expenses	[redacted]	
Entertainment expenses		
Legal expenses		
Miscellaneous unallowable expenses		

10. Retirement Plan

The Company maintains three 401(k) retirement plans (Plans) under which the Company may match employees' deferrals or provide non-discretional contributions based on the terms of the specific plan. The Company's aggregate contributions to the [redacted] respectively.

11. 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 for all years through 2008.

12. Investments in Joint Ventures

The Company has entered into several joint venture agreements. Under the terms 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, 2012	
Investment – at equity (deficit)	
Equity in income (loss)	
Distributions	
September 30, 2011	
Investment – at equity	[redacted]
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, 2012	[redacted]
Assets	
Liabilities	
Equity (deficit)	
Revenue	
Expenses	
Net income (loss)	
September 30, 2011	
Assets	[redacted]
Liabilities	
Equity	
Revenue	
Expenses	
Net income	

The BSA and DL Joint Ventures record distributions when paid. As of September 30, 2012, distributions had not been paid to all owners on a pro rata basis.

12. Subsequent Events

Subsequent to year end, the Company [redacted] of distributions to stockholders and stockholder advances were repaid to the Company through distributions (see Note 5).

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