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**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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**MORO CORPORATION AND SUBSIDIARIES  
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**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,971,280	\$ 2,668,754
Trade receivables, net	3,370,251	4,412,357
Accounts receivable on contracts (including retentions)	9,791,585	8,499,168
Inventory	3,648,292	3,490,560
Costs and estimated earnings in excess of billings on uncompleted contracts	1,658,063	1,743,496
Prepaid and other current assets	180,213	612,615
Assets of discontinued operations	206,403	206,402
Total current assets	20,826,087	21,633,352
Property and equipment, net	1,162,034	1,423,507
Deferred financing fees, net	54,009	84,873
Other assets	48,338	43,523
Deferred income taxes	48,162	48,163
Goodwill	1,447,805	1,441,805
Assets of discontinued operations	-	76,293
	\$ 23,586,435	\$ 24,751,516
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Line of credit	\$ 6,540,803	\$ 8,281,356
Current portion of long-term debt	139,757	177,566
Trade accounts payable	2,741,215	3,511,249
Accrued expenses	1,901,472	1,465,315
Income taxes payable	432,567	270,556
Billings in excess of costs and estimated earnings on uncompleted contracts	537,790	652,432
Liabilities of discontinued operations	161,303	115,301
Total current liabilities	12,454,907	14,473,775
Long-Term Liabilities		
Long-term debt	142,625	266,445
Subordinated debentures	2,425,000	2,475,000
	2,567,625	2,741,445
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.001 par value, authorized 5,000,000 shares; none issued or outstanding		
Common stock, \$.001 par value, 25,000,000 shares authorized; 6,369,337 shares issued; 6,119,337 shares outstanding		
	6,370	6,370
Additional paid-in-capital	963,205	963,205
Retained earnings	7,694,328	6,666,721
	8,663,903	7,636,296
Treasury stock, at cost, 250,000 shares	(100,000)	(100,000)
	8,563,903	7,536,296
	\$ 23,586,435	\$ 24,751,516

**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**TWELVE MONTHS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Construction material sales, net	\$ 16,410,027	\$ 19,709,699
Construction contracts revenue earned	42,762,823	40,174,572
	59,172,850	59,884,271
<b>COST OF REVENUES</b>		
Cost of goods sold	11,292,956	13,427,616
Cost of mechanical contracts revenue earned	30,627,274	28,609,791
	41,920,230	42,037,407
<b>GROSS PROFIT</b>	17,252,620	17,846,864
<b>OPERATING EXPENSES</b>		
Selling, general, and administrative expenses	14,218,209	15,813,192
<b>INCOME FROM OPERATIONS</b>	3,034,411	2,033,672
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	946	551
Interest expense	(511,163)	(570,850)
Bad debt expense	(210,195)	-
Gain (loss) on sale of property and equipment	7,041	-
Other income (expense)	(16,617)	57,864
	(729,988)	(512,435)
<b>INCOME FROM CONTINUING OPERATIONS BEFORE TAXES</b>	2,304,423	1,521,237
<b>PROVISION FOR INCOME TAXES</b>	989,955	621,045
<b>INCOME FROM CONTINUING OPERATIONS</b>	1,314,468	900,192
<b>DISCONTINUED OPERATIONS</b>		
Loss from operations of discontinued division (less applicable tax benefit of \$225,300 and \$39,602 for 2017 and 2016, respectively)	(286,861)	(92,095)
<b>NET INCOME</b>	\$ 1,027,607	\$ 808,097
<b>NET INCOME PER SHARE, BASIC &amp; DILUTED</b>	\$ 0.17	\$ 0.13
Weighted average common shares and diluted potential common shares	\$ 6,119,337	\$ 6,369,337

**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Year Ended December 31, 2017**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount			Shares	Amount	
Balance, December 31, 2016, as previously reported	6,369,337	\$ 6,370	\$ 963,205	\$ 6,666,721	250,000	\$ (100,000)	\$ 7,536,296
Net income				1,027,607			1,027,607
Balances, December 31, 2017	<u>6,369,337</u>	<u>\$ 6,370</u>	<u>\$ 963,205</u>	<u>\$ 7,694,328</u>	<u>250,000</u>	<u>\$ (100,000)</u>	<u>\$ 8,563,903</u>

**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,027,328	\$ 808,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	584,091	560,609
Abandonment of leasehold improvements	76,293	-
(Gain) or Loss on sale of property and equipment	(7,041)	(75,318)
Bad debt expense	-	1,017,201
Changes in operating assets and liabilities:		
Trade receivables	1,042,106	162,645
Accounts receivable on contracts	(1,292,417)	484,326
Inventory	(157,732)	(25,088)
Costs and estimated earnings in excess of billings on uncompleted contracts	85,433	566,052
Prepaid expenses and income taxes	-	87,157
Prepays and other current assets	432,402	-
Other assets	(7,215)	-
Trade accounts payable	(724,032)	(1,243,909)
Accrued expenses	436,157	231,271
Income taxes payable	162,011	270,556
Billings in excess of costs and estimated earnings on uncompleted contracts	(114,642)	199,597
	<u>1,542,742</u>	<u>3,043,196</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Business	-	(269,567)
Proceeds from sale of property and equipment	47,499	93,306
Capital expenditures	(329,533)	36,193
Increase in goodwill	(6,000)	(7,500)
	<u>(288,034)</u>	<u>(147,568)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of lines of credit	(1,740,553)	(1,338,900)
Proceeds from subordinated debentures	-	100,000
Principal payments of subordinated debentures	(50,000)	(400,000)
Purchase of Treasury Stock	-	(100,000)
Proceeds from long-term debt	39,025	-
Principal payments of long-term debt	(200,654)	(194,590)
	<u>(1,952,182)</u>	<u>(1,933,490)</u>
Net cash used in financing activities		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(697,474)	962,138
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>2,668,754</u>	<u>1,706,616</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 1,971,280</u>	<u>\$ 2,668,754</u>

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**MORO CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 511,163	\$ 518,085
Cash paid for taxes	381,193	55,524