

Alliance Sports Group L.P.
Income Statements

	Quarter Ended June 30 <u>2012</u>	Quarter Ended June 30 <u>2011</u>	Quarter Ended June 30, 2012 vs June 30, 2011	
			Inc (Dec)	Inc (Dec)
			<u>Amount</u>	<u>Percent</u>
Gross Sales	\$6,014,822	\$4,484,153	\$1,530,669	34.1%
Returns & Discounts	(273,753)	(158,025)	(\$115,728)	73.2%
Net sales	5,741,069	4,326,128	\$1,414,941	32.7%
Cost of Goods Sold at Standard	(2,550,859)	(2,008,829)	(\$542,029)	27.0%
Gross Profit at Standard	3,190,210	2,317,298	\$872,912	37.7%
Gross Profit Margin at standard	55.6%	53.6%	2.0%	
Variances	15,443	45,241	(\$29,798)	-65.9%
Production expenses	(31,399)	(13,726)	(\$17,673)	128.8%
Total variances from standard	(15,956)	31,515	(\$47,471)	-150.6%
Gross Profit at Actual	3,174,255	2,348,813	\$825,441	35.1%
Gross Profit Margin at actual	55.3%	54.3%	1%	
Distribution Expenses	(322,203)	(283,786)	(\$38,417)	13.5%
Selling Expenses	(1,244,421)	(917,640)	(\$326,781)	35.6%
General & Administrative Expenses	(561,093)	(504,232)	(\$56,860)	11.3%
Total DSG&A Expenses	(2,127,716)	(1,705,658)	(\$422,058)	24.7%
Income before taxes and interest	1,046,538	643,155	\$403,383	62.7%
Interest Expense/Income	(5,343)	(18,125)	\$12,782	-70.5%
Income before taxes	1,041,195	625,030	\$416,165	66.6%
Provision for state income taxes		(1,794)	\$1,794	-100.0%
Net Income	\$1,041,195	\$623,236	\$417,959	67.1%
Ratios:				
Returns and allowances-as a % of sales	5%	4%	1%	
Distribution expenses-as a % of net sales	6%	7%	-1%	
Selling expenses-as a % of net sales	22%	21%	0%	
G&A expenses-as a % of net sales	10%	12%	-2%	
Total expenses-as a % of net sales	37%	39%	-2%	
Earnings before interest as a % of sales	18%	15%	3%	
Depreciation and amortization	\$11,040	\$11,040	0	

Alliance Sports Group, L.P.

Balance Sheets

Adj Prior Fiscal Y/E

	<u>June</u> <u>2012</u>	<u>March</u> <u>2012</u>	<u>Increase</u> <u>(Decrease)</u>	<u>% of</u> <u>Change</u>
<u>ASSETS</u>				
<i>Current Assets</i>				
Cash and cash equivalents	\$1,494,279	\$2,158,491	(\$664,212)	-30.8%
Trade accounts receivables	2,456,224	2,597,639	(\$141,415)	-5.4%
Less - Allowances	11,595	(76,526)	\$88,121	-115.2%
Trade accounts receivables, net	2,467,819	2,521,113	(\$53,294)	-2.1%
Inventory	4,356,829	2,826,337	\$1,530,492	54.2%
Prepaid expenses	47,707	69,702	(\$21,995)	-31.6%
Total current assets	8,366,634	7,575,643	\$790,991	10.4%
<i>Fixed assets, net</i>	460,589	334,725	\$125,864	37.6%
<i>Other assets</i>	1,251,269	1,152,404	\$98,865	8.6%
Total Assets	\$10,078,492	\$9,062,772	\$1,015,720	11.2%
<u>LIABILITIES AND CAPITAL</u>				
<i>Current Liabilities</i>				
Trade accounts payable	\$385,150	\$383,667	\$1,483	0.4%
Accrued expenses	221,767	86,444	\$135,323	156.5%
Line of credit	250,000	250,000	\$0	0.0%
Current maturities of notes payable	115,000	117,213	(\$2,213)	-1.9%
Total current liabilities	971,917	837,324	\$134,593	155.0%
<i>Notes Payable, net of current portion</i>		30,114	(\$30,114)	
Total liabilities	971,917	867,438	\$104,479	12.0%
<i>Partnership capital:</i>				
Partner's capital accounts	9,886,122	5,650,364	\$4,235,758	75.0%
Net deficit in subsidiaries eliminated	(1,820,742)	(1,820,742)		0.0%
Retained year to date earnings	1,041,195	4,365,712	(\$3,324,517)	-76.2%
Net partnership capital	9,106,575	8,195,334	\$911,241	11.1%
Total liabilities and capital	\$10,078,492	\$9,062,772	\$1,015,720	11.2%
Tangible Net Worth	\$9,106,575	\$8,195,334	\$911,241	11.1%
<i>Current ratio</i>	8.61	9.05	(0.15)	-1.6%
<i>Debt to Tangible Net Worth</i>	0.11	0.11	(0.00)	-1.0%

Alliance Sports Group, L.P.
Consolidated Statement of Cash Flows
Three Months Ended June 30, 2012

	Q2 Ended June 2012
<u>Cash Flow From Operating Activities:</u>	
Net income	\$1,041,195
<i>Adjustments to reconcile net income to net cash used by operating activities:</i>	
Depreciation	\$10,500
Amortization	\$540
Change in operating assets and liabilities:	
Accounts receivable	\$53,294
Inventories	(\$1,530,492)
Prepaid and other expenses	\$21,995
Accounts payable	\$1,483
Accrued expenses and other liabilities	(\$135,323)
Net cash provided by operating activities	(536,808)
<u>Cash Flow Used in Investing and Financing Activities:</u>	
Advances to principal owners	(\$1,540)
Deposits made on pending stock transactions	
Notes Payable Activities	
Purchases of property and equipment	(\$125,864)
Net cash used in investing and financing activities	(127,404)
Change in cash	(\$664,212)
Cash at beginning of period	2,158,491
Cash at end of period	\$1,494,279

Alliance Sports Group, L.P.
Consolidated Statement of Changes in Stockholders' Equity
Three Months Ended June 30, 2011

	Shares issued / outstanding	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
Balance April 1, 2012	4,395,510	\$ 1,000	\$ -	\$ 8,201,714	\$ (56,434)	\$ 8,146,280
Common Stock Issued	3,000,000	\$ 45,000				\$ 45,000
Purchase of Treasury Stock					\$ (321,600)	\$ (321,600)
Net Income				\$ 1,041,195		\$ 1,041,195
		\$ 46,000	\$ -	\$ 9,242,909	\$ (378,034)	\$ 8,910,875