**Balance Sheet**

|  |  |  |
| --- | --- | --- |
| **ASSETS** | December 31, 2009 |  |
| **Cash** | $20,900,000 |  |
| Marketable Securities | $117,000,000 |  |
| **Accounts Receivable** | $33,000,000 |  |
| Less: Allowance for Bad Debts | $(880,000) |  |
| **Net Accounts Receivable** | $32,120,000 |  |
|  |  |  |
| **Inventory** |  |  |
| Raw Materials | $2,000,000 |  |
| Work-in-process | $1,000,000 |  |
| Finished Goods | $5,000,000 |  |
| Inventory Purchased for Resale | $24,000,000 |  |
| **Total Inventory** | $32,000,000 |  |
|  |  |  |
| Plant, Property and Equipment | $6,700,000 |  |
| Less: Accumulated Depreciation | $(320,000) |  |
| **Net Plant, Property and Equipment** | $6,380,000 |  |
|  |  |  |
| **Prepaid Expenses** | $200,000 |  |
|  |  |  |
| **Goodwill and Other Purchased Intangibles** | $28,000,000 |  |
| Less: Amortization | $(700,000) |  |
| Net Goodwill and Other Purchased Intangibles | $27,300,000 |  |
|  |  |  |
| **Total Assets** | $235,900,000 |  |
|  | | |
| **LIABILITIES AND OWNERS' EQUITY** | | |
| Accounts Payable | $22,000,000 |  |
| Accrued Advertising | $11,800,000 |  |
| Other Liabilities and Accrued Expense | $1,400,000 |  |
| Current Portion of Long-Term Debt | $2,300,000 |  |
|  |  |  |
| Long Term Debt | $57,400,000 |  |
|  |  |  |
| Preferred Stock, $100 par value per share, |  |  |
| 100,000 authorized, 0 shares issued and outstanding | $0 |  |
|  |  |  |
| Common Stock, $1 par value per share, |  |  |
| 250,000,000 shares authorized, 13,000,000 shares |  |  |
| issued, 12,900,000 outstanding | $13,000,000 |  |
|  |  |  |
| Additional Paid-in-Capital in excess of par value, Common Stock | $117,000,000 |  |
|  |  |  |
| Treasury Stock | $(1,000,000) |  |
|  |  |  |
| Retained Earnings (less Cash Dividends Paid) | $12,000,000 | $11,000,000 |
|  |  |  |
| **Total Liabilities and Owner's Equity** | $235,900,000 |  |

|  |  |  |
| --- | --- | --- |
| **Income Statement** | December 31, 2009 | December 31, 2008 |
| Sales Revenues | $51,000,000 | $10,300,000 |
| Less: Sales Returns | $(1,000,000) | $(300,000) |
| **Net Sales Revenues** | $50,000,000 | $10,000,000 |
| Less: Cost of Goods Sold | $(9,000,000) | $(4,000,000) |
| **Gross Profit** | $41,000,000 | $6,000,000 |
|  |  |  |
| **Operating Expenses:** |  |  |
| Advertising and Sales | $(26,000,000) | $(3,000,000) |
| Depreciation | $(160,000) |  |
| Salaries and Wages | $(1,700,000) | $(1,400,000) |
| Product Development | $(4,000,000) | $(1,200,000) |
| Merger and Acquisition Related Costs, including |  |  |
| Amortization of Goodwill and Other Intangibles | $(700,000) | $0 |
| **Total Operating Expenses** | $(32,560,000) |  |
|  |  |  |
| Income from Continuing Operations Before Income Taxes | $8,440,000 |  |
|  |  |  |
| Less: Income Taxes at 35% | $(2,954,000) |  |
| **Income from Continuing Operations** | $5,486,000 |  |
|  |  |  |
| **Discontinued Operations:** |  |  |
| Income from Operations of Discontinued Division |  |  |
| (less applicable income taxes) | $350,000 |  |
| Loss on Disposal of Discontinued Division |  |  |
| (less applicable income taxes) | $(150,000) |  |
| **+Total Gain from Discontinued Operations** | $200,000 |  |
|  |  |  |
| **Extraordinary Items:** |  |  |
| Loss from fire (less applicable income taxes) | $(200,000) |  |
| |  |  |  | | --- | --- | --- | | **Net Income** |  |  | | $5,486,000 |  |