

09/11/99

**Timberville Electronics, Inc.**  
**Profit and Loss**  
 July 1997 through June 1998

|   | Jul '97 - Jun '98 |
|---|-------------------|
| Ordinary Income/Expense                 |                   |
| Income                                  |                   |
| Rebates, Warr. & Other                  | 1,125.45          |
| Tax Discounts                           | 405.32            |
| Check Return Charge                     | 1,300.42          |
| Commissions Income                      | 103,985.12        |
| Finance Charges & Collect. Fees         |                   |
| Collections Fee                         | 874.00            |
| Notice to Suit                          | 312.00            |
| Interest Income                         | 299.15            |
| Finance Charges & Collect. Fees - Ot... | 2,758.81          |
| Total Finance Charges & Collect. Fees   | 4,243.96          |
| Sales                                   |                   |
| Video Kingdom                           | 161,336.08        |
| Timberville Electronics                 |                   |
| Concessions                             | 824.60            |
| Timberville Electronics - Other         | 654,721.76        |
| Total Timberville Electronics           | 655,546.36        |
| Total Sales                             | 816,882.44        |
| Sales Discounts                         | -13,344.24        |
| Sales Returns                           | -280.10           |
| Total Income                            | 914,318.37        |
| Cost of Goods Sold                      |                   |
| Cost of Goods Sold                      |                   |
| COMPUTERS                               | 87,137.72         |
| Parts                                   | 23,300.72         |
| Programming                             | 41,280.26         |
| Antenna                                 | 1,619.24          |
| TV/VCR/Other                            | 26,775.47         |
| Warranties                              | -182.85           |
| Merchandise                             | 3,846.42          |
| Guides                                  | 651.60            |
| Satellite Equip                         | 217,214.69        |
| Rentrak                                 | 1,190.60          |
| Total Cost of Goods Sold                | 402,833.87        |
| Total COGS                              | 402,833.87        |
| Gross Profit                            | 511,484.50        |
| Expense                                 |                   |
| MARGIN INTEREST                         | 4,425.43          |
| Internet                                | 325.20            |
| Uniforms VK                             | 667.92            |
| Payroll Expenses                        |                   |
| Uniforms                                | -935.25           |
| American General Ins.                   | -724.00           |
| American General                        | 667.32            |
| Advances                                | 2,644.00          |
| Benefits                                | 2,712.80          |
| Bonuses                                 | 7,069.12          |
| Gross Wages                             | 236,894.02        |
| Vacation Pay                            | 2,085.90          |
| Sick Pay                                | 1,505.30          |

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|-------------------------------|-------------------|
| Uniforms                      | 2,085.26          |
| Payroll Expenses - Other      | -4,590.00         |
| <b>Total Payroll Expenses</b> | <b>249,414.47</b> |
| Bad Debts Expense             | 2,742.93          |
| Discrepancies                 |                   |
| Shortages                     | 1,364.73          |
| Overages                      | -105.10           |
| Discrepancies - Other         | 115.91            |
| <b>Total Discrepancies</b>    | <b>1,375.54</b>   |
| Concessions Expense           | 2,556.80          |
| Advertising                   |                   |
| Special Promotions            | 2,929.31          |
| News Paper                    | 17,644.86         |
| Radio                         | -3,205.00         |
| Yellow Pages                  | 705.88            |
| Printing and Reproduction     | 173.76            |
| Advertising - Other           | 1,186.16          |
| <b>Total Advertising</b>      | <b>19,434.97</b>  |
| Bank Charges                  | 8,036.14          |
| Cash Discounts                | 19,967.56         |
| Commissions                   | -1,728.90         |
| Depreciation Expense          | 71,054.34         |
| Donations                     | 248.72            |
| Dues and Subscriptions        | 1,414.01          |
| Fixed Assets                  |                   |
| Computers                     | 74.00             |
| Vehicle                       | 441.82            |
| <b>Total Fixed Assets</b>     | <b>515.82</b>     |
| Freight Expense               | 6,519.15          |
| Insurance                     |                   |
| Bond                          | 1,100.00          |
| Auto & Truck                  | 2,637.48          |
| Health & Life                 | 264.20            |
| Monticello Life               | 33.80             |
| Business Insurance            | 3,520.00          |
| Worker's Comp                 | 6,107.44          |
| <b>Total Insurance</b>        | <b>13,662.92</b>  |
| Interest Expense              | 37,600.28         |
| Licenses and Permits          | 214.50            |
| Membership Fees               | 30.00             |
| Office                        |                   |
| Office                        | 1,287.42          |
| Postage & Delivery            | 2,645.12          |
| Supplies                      | 7,711.20          |
| <b>Total Office</b>           | <b>11,643.74</b>  |
| Payroll Taxes                 |                   |
| FUTA                          | 1,984.36          |
| FICA                          | 19,127.81         |
| SUTA                          | 3,471.10          |
| <b>Total Payroll Taxes</b>    | <b>24,583.27</b>  |
| Petty Cash                    | 3,982.95          |

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**Profit and Loss**  
July 1997 through June 1998

|                         | <u>Jul '97 - Jun '98</u> |
|-------------------------|--------------------------|
| Professional Fees       |                          |
| Accounting              | 1,475.00                 |
| Collections             | 825.45                   |
| Corp. Fees              | 40.00                    |
| Total Professional Fees | <u>2,340.45</u>          |
| Rent                    | 21,499.88                |
| Repairs                 |                          |
| Building Repairs        | 142.69                   |
| Equipment Repairs       | 112.60                   |
| Vehicle Repairs         | 2,608.39                 |
| Repairs - Other         | 41.19                    |
| Total Repairs           | <u>2,904.87</u>          |
| Taxes                   |                          |
| Litter Tax              | 25.00                    |
| Taxes - Other           | 4,505.20                 |
| Total Taxes             | <u>4,530.20</u>          |
| Telephone               | 10,327.45                |
| Transportation          | 5,809.81                 |
| Utility                 |                          |
| Electric                | 7,044.77                 |
| Gas-Heating             | 1,036.69                 |
| Water & Trash & Sewer   | 322.78                   |
| Utility - Other         | 143.54                   |
| Total Utility           | <u>8,547.78</u>          |
| Total Expense           | <u>534,648.20</u>        |
| Net Ordinary Income     | -23,163.70               |
| Other Income/Expense    |                          |
| Other Income            |                          |
| DIVIDEND                | 5,409.12                 |
| CREDIT INTEREST         | 5,718.01                 |
| Total Other Income      | <u>11,127.13</u>         |
| Other Expense           |                          |
| VOID                    | 0.00                     |
| Total Other Expense     | <u>0.00</u>              |
| Net Other Income        | <u>11,127.13</u>         |
| Net Income              | <u><u>-12,036.57</u></u> |

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**Timberville Electronics, Inc.**  
**Balance Sheet**  
As of June 30, 1998

|                                 | Jun 30, '98       |
|---------------------------------|-------------------|
| <b>ASSETS</b>                   |                   |
| Current Assets                  |                   |
| Checking/Savings                |                   |
| E*TRADE-ASSET ACCT              | 11,019.95         |
| SECURITY DEPOSITS               | 1,175.00          |
| Southern Financial              | 12,100.35         |
| Timberville Electronics         | 632.16            |
| Video Kingdom                   | 215.63            |
| Payroll                         | 3,986.81          |
| Cash on Hand                    | 550.00            |
| Total Checking/Savings          | 29,679.90         |
| Accounts Receivable             |                   |
| Accounts Receivable             | 25,654.24         |
| Total Accounts Receivable       | 25,654.24         |
| Other Current Assets            |                   |
| Inventory Mdse.                 | 33,424.58         |
| Inventory Parts                 | 7,064.00          |
| Total Other Current Assets      | 40,488.58         |
| Total Current Assets            | 95,822.72         |
| Fixed Assets                    |                   |
| Fixtures                        |                   |
| Cost                            | 15,752.64         |
| Accumulated Depreciation        | -12,237.89        |
| Total Fixtures                  | 3,514.75          |
| Office Equip-Computers          |                   |
| Cost                            | 24,216.74         |
| Accumulated Depreciation        | -18,301.93        |
| Total Office Equip-Computers    | 5,914.81          |
| Video Tapes                     |                   |
| Cost                            | 294,332.71        |
| Accumulated Depreciation        | -239,100.26       |
| Total Video Tapes               | 55,232.45         |
| Equipment                       |                   |
| Cost                            | 15,416.00         |
| Accumulated Depreciation        | -15,416.00        |
| Total Equipment                 | 0.00              |
| Vehicles                        |                   |
| Cost                            | 66,786.50         |
| Accumulated Depreciation        | -64,959.36        |
| Total Vehicles                  | 1,827.14          |
| Total Fixed Assets              | 66,489.15         |
| <b>TOTAL ASSETS</b>             | <b>162,311.87</b> |
| <b>LIABILITIES &amp; EQUITY</b> |                   |
| Liabilities                     |                   |
| Current Liabilities             |                   |
| Accounts Payable                |                   |
| Accounts Payable                | 14,087.33         |
| Total Accounts Payable          | 14,087.33         |
| Credit Cards                    |                   |

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**Timberville Electronics, Inc.**  
**Balance Sheet**  
As of June 30, 1998

|  | Jun 30, '98       |
|--|-------------------|
| Credit Card                            |                   |
| ADVANTA                                | 3,316.63          |
| CHEVY CHASE                            | 3,495.39          |
| MBNA 8466                              | 1,253.14          |
| MBNA 8836                              | -763.55           |
| MBNA 5921                              | 781.19            |
| Credit Card - Other                    | -10.12            |
| <b>Total Credit Card</b>               | <b>8,072.68</b>   |
| <b>Total Credit Cards</b>              | <b>8,072.68</b>   |
| Other Current Liabilities              |                   |
| E*TRADE-LIABILITY ACCT                 | 1,048.30          |
| Floor Plan                             |                   |
| Transamerica                           | 16,447.58         |
| <b>Total Floor Plan</b>                | <b>16,447.58</b>  |
| Payroll Liabilities                    |                   |
| FORT DEARBORN LIFE                     | 29.30             |
| Qual Health Ins.                       | 4,652.65          |
| State Withholding                      | 847.00            |
| Federal Withholding                    | 600.00            |
| FICA                                   |                   |
| Company                                | 329.54            |
| Employee                               | 329.54            |
| <b>Total FICA</b>                      | <b>659.08</b>     |
| Medicare                               |                   |
| Company                                | 77.01             |
| Employee                               | 77.01             |
| <b>Total Medicare</b>                  | <b>154.02</b>     |
| Payroll Liabilities - Other            | 1,005.65          |
| <b>Total Payroll Liabilities</b>       | <b>7,947.70</b>   |
| Sales Tax Payable                      | 1,615.54          |
| <b>Total Other Current Liabilities</b> | <b>27,059.12</b>  |
| <b>Total Current Liabilities</b>       | <b>49,219.13</b>  |
| Long Term Liabilities                  |                   |
| Loan Payable                           |                   |
| Southern Financial                     | 59,947.72         |
| 4-Truck                                | 4,465.44          |
| 2 Yr. Note                             | 1,031.12          |
| GMAC II                                | 1,008.13          |
| Betty Croteau                          | 9,164.37          |
| Guy C.                                 | 43,852.07         |
| <b>Total Loan Payable</b>              | <b>119,468.85</b> |
| <b>Total Long Term Liabilities</b>     | <b>119,468.85</b> |
| <b>Total Liabilities</b>               | <b>168,687.98</b> |
| Equity                                 |                   |
| Retained Earnings                      | -8,289.24         |
| Net Income                             | -13,086.87        |
| Opening Bal Equity                     |                   |
| Common Stock                           | 15,000.00         |
| <b>Total Opening Bal Equity</b>        | <b>15,000.00</b>  |

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Timberville Electronics, Inc.  
**Balance Sheet**  
As of June 30, 1998

|                                       | <u>Jun 30, '98</u>              |
|---------------------------------------|---------------------------------|
| Total Equity                          | <u>-6,376.11</u>                |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b><u><u>162,311.87</u></u></b> |