

MORO CORPORATION
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2009 AND DECEMBER 31, 2008

	<u>(Unaudited)</u> <u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,674,507	\$ 2,852,015
Trade receivables, net	6,034,393	6,210,233
Accounts receivable on contracts (including retentions)	8,973,793	10,053,813
Inventories	3,595,477	3,296,530
Costs and estimated earnings in excess of billings on uncompleted contracts	851,108	1,791,946
Investment in joint ventures	65,693	237,925
Prepaid income taxes	489	230,495
Prepaid and other current assets	215,729	169,209
Total current assets	22,411,189	24,842,166
Property and equipment, net	2,710,431	2,971,341
Deferred financing fees, net of accumulated amortization	35,938	37,561
Other assets	16,582	17,031
Goodwill	1,819,646	1,819,646
	\$ 26,993,786	\$ 29,687,745
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Lines of credit	\$ 5,067,999	\$ 7,047,999
Current portion of long-term debt	788,297	536,360
Trade accounts payable	4,070,599	5,218,429
Due to former owner	46,759	62,957
Accrued expenses	1,931,110	2,005,648
Billings in excess of costs and estimated earnings on uncompleted contracts	2,271,859	2,217,380
Total current liabilities	14,176,623	17,088,773
Long-Term Liabilities		
Long-term debt	1,836,890	2,067,610
Subordinated debentures	1,750,000	1,800,000
Deferred income taxes	146,886	146,886
	3,733,776	4,014,496
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	24,158	26,428
STOCKHOLDERS' EQUITY		
Preferred stock, \$.001 par value, authorized 5,000,000 shares; none issued or outstanding	-	-
Common stock, \$.001 par value, authorized 25,000,000 shares; issued and outstanding 6,369,643 shares at June 30, 2009 and December 31, 2008	6,370	6,370
Additional paid-in-capital	1,013,205	1,013,205
Retained earnings	8,039,654	7,538,473
	9,059,229	8,558,048
	\$ 26,993,786	\$ 29,687,745

MORO CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Construction material sales, net	\$ 11,957,964	\$ 16,298,552
Mechanical contracts revenue earned	19,649,935	16,020,199
	<u>31,607,899</u>	<u>32,318,751</u>
COST OF REVENUES		
Cost of goods sold	8,968,182	13,664,484
Cost of mechanical contracts revenue earned	16,727,303	13,383,152
	<u>25,695,485</u>	<u>27,047,636</u>
GROSS PROFIT	5,912,414	5,271,115
OPERATING EXPENSES		
Selling, general, and administrative expenses	4,835,053	4,941,365
INCOME (LOSS) FROM OPERATIONS	<u>1,077,361</u>	<u>329,750</u>
OTHER INCOME (EXPENSE)		
Interest income	19,464	7,979
Interest expense	(250,222)	(351,401)
Equity in earnings of joint ventures	-	50,000
Other	84,562	44,015
	<u>(146,196)</u>	<u>(249,407)</u>
INCOME (LOSS) BEFORE TAXES AND MINORITY INTEREST	931,165	80,343
PROVISION FOR (BENEFIT FROM) INCOME TAXES	432,254	13,665
INCOME (LOSS) BEFORE MINORITY INTEREST	498,911	66,678
MINORITY INTEREST IN INCOME (LOSS) OF SUBSIDIARY	<u>(2,270)</u>	<u>(7,217)</u>
NET INCOME (LOSS)	<u>\$ 501,181</u>	<u>\$ 73,895</u>
NET INCOME (LOSS) PER SHARE, BASIC & DILUTED	<u>\$ 0.08</u>	<u>\$ 0.01</u>
Weighted average shares outstanding - basic and diluted	<u>\$ 6,369,643</u>	<u>\$ 6,369,643</u>

MORO CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Construction material sales, net	\$ 6,377,259	\$ 9,599,696
Mechanical contracts revenue earned	<u>9,644,833</u>	<u>8,837,133</u>
	<u>16,022,092</u>	<u>18,436,829</u>
COST OF REVENUES		
Cost of goods sold	4,717,663	8,028,831
Cost of mechanical contracts revenue earned	<u>8,323,402</u>	<u>7,305,763</u>
	<u>13,041,065</u>	<u>15,334,594</u>
GROSS PROFIT	2,981,027	3,102,235
OPERATING EXPENSES		
Selling, general, and administrative expenses	<u>2,255,279</u>	<u>2,377,578</u>
INCOME (LOSS) FROM OPERATIONS	<u>725,748</u>	<u>724,657</u>
OTHER INCOME (EXPENSE)		
Interest income	7,980	2,564
Interest expense	(80,901)	(161,008)
Equity in earnings of joint ventures	-	-
Other	<u>74,185</u>	<u>38,972</u>
	<u>1,264</u>	<u>(119,472)</u>
INCOME (LOSS) BEFORE TAXES AND MINORITY INTEREST	727,012	605,185
PROVISION FOR (BENEFIT FROM) INCOME TAXES	<u>292,604</u>	<u>234,920</u>
INCOME (LOSS) BEFORE MINORITY INTEREST	434,408	370,265
MINORITY INTEREST IN INCOME (LOSS) OF SUBSIDIARY	<u>(4,029)</u>	<u>1,214</u>
NET INCOME (LOSS)	<u>\$ 438,437</u>	<u>\$ 369,051</u>
NET INCOME (LOSS) PER SHARE, BASIC & DILUTED	<u>\$ 0.07</u>	<u>\$ 0.05</u>
Weighted average shares outstanding - basic and diluted	<u>\$ 6,369,643</u>	<u>\$ 6,369,643</u>

MORO CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009

	Common Stock	Additional Paid In Capital	Retained Earnings	Total
BALANCE, JANUARY 1, 2009	\$ 6,370	\$ 1,013,205	\$ 7,538,473	\$ 8,558,048
Net income	-	-	501,181	501,181
BALANCE, JUNE 30, 2009	<u>\$ 6,370</u>	<u>\$ 1,013,205</u>	<u>\$ 8,039,654</u>	<u>\$ 9,059,229</u>

MORO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 501,181	\$ 73,895
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	437,600	351,401
Equity in earnings in joint ventures	-	138,000
Deferred income taxes (benefit)	-	7,300
Minority interest in consolidated subsidiary	(2,270)	(7,217)
Changes in operating assets and liabilities:		
Trade receivables	175,840	(1,673,063)
Accounts receivable on contracts	1,080,020	(2,530,362)
Inventories	(298,947)	(1,757,418)
Costs and estimated earnings in excess of billings on uncompleted contracts	940,838	92,820
Prepaid income taxes	230,006	-
Other current assets	(46,520)	(14,149)
Other assets	449	449
Trade accounts payable	(1,147,830)	1,698,628
Accrued expenses	(74,538)	1,326,950
Income taxes payable	-	(66,527)
Due to former owners	(16,198)	(204,364)
Billings in excess of costs and estimated earnings on uncompleted contracts	54,479	1,257,060
	<u>1,834,110</u>	<u>(1,306,597)</u>
Net cash provided by (used in) operating activities		
	<u>1,834,110</u>	<u>(1,306,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from joint venture	172,232	-
Capital expenditures	(175,067)	(765,991)
	<u>(2,835)</u>	<u>(765,991)</u>
Net cash provided by (used in) investing activities		
	<u>(2,835)</u>	<u>(765,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) lines of credit	(1,980,000)	976,000
Proceeds from (repayments of) notes payable	(28,783)	329,046
	<u>(2,008,783)</u>	<u>1,305,046</u>
Net cash provided by (used in) financing activities		
	<u>(2,008,783)</u>	<u>1,305,046</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(177,508)	(767,542)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,852,015</u>	<u>2,070,370</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,674,507</u>	<u>\$ 1,302,828</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 238,806	\$ -
Cash paid for taxes	\$ 201,501	\$ -