

**JNS POWER & CONTROL SYSTEMS, INC.**  
**COMPILED FINANCIAL STATEMENTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**



**MUELLER & CO., LLP**  
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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors and Shareholders  
JNS Power & Control Systems, Inc.  
Arlington Heights, Illinois

We have compiled the accompanying balance sheet of JNS Power & Control Systems, Inc. (an S-Corporation) as of December 31, 2011, the related statement of income and retained earnings and cash flows for the twelve months then ended, and the accompanying supplementary information presented on pages 5 and 6, which is presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

*Mueller & Co., LLP*

Elgin, Illinois  
February 27, 2012

**JNS POWER & CONTROL SYSTEMS, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2011**

**ASSETS**

**Current assets:**

Cash in bank	\$ 4,505
Contract receivables	285,403
Prepaid expenses	5,765
Deposit on investment	<u>100,000</u>
Total current assets	<u>395,673</u>

**Property and equipment:**

Furniture & fixtures	11,948
Machinery & equipment	38,175
Office equipment	38,937
Vehicles	<u>110,844</u>
	199,904
Less accumulated depreciation	<u>(184,920)</u>
	<u>14,984</u>

**Other assets:**

Due from shareholders	307,200
Security deposits	<u>10,500</u>
	<u>317,700</u>
	<u>\$ 728,357</u>

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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current liabilities:**

Accounts payable:

Other \$ 5,345

Line of credit 371,135

Billings in excess of costs and estimated  
earnings on construction contracts 92,254

Accrued expenses:

Payroll taxes 1,096

State replacement tax 2,286

Union benefits 12,742

Wages 6,249

Total current liabilities 491,107

**Noncurrent liabilities:**

Note payable, shareholder 140,000

140,000

**Stockholders' equity:**

Common stock 1,000

Retained earnings 96,250

97,250

\$ 728,357

**JNS POWER & CONTROL SYSTEMS, INC.**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE PERIOD INDICATED**

	TWELVE MONTHS ENDED DEC. 31, 2011	% OF NET REVENUE
Contract revenues	\$ 1,126,417	100.0
Costs of construction	620,143	55.0
Gross profit	506,274	45.0
Operating expenses	397,542	35.3
Income from operations	108,732	9.7
Other income (expense):		
Interest income	1	-
Interest	(26,456)	(2.3)
Replacement tax	(2,286)	(0.2)
	(28,741)	(2.5)
Net income	79,991	7.2
Retained earnings, beginning of period	16,259	
Retained earnings, end of period	\$ 96,250	

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**JNS POWER & CONTROL SYSTEMS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS INDICATED**

	<u>TWELVE MONTHS ENDED DEC. 31, 2011</u>
<b>Cash provided by (applied to) operating activities:</b>	
Net income (loss)	\$ 79,991
Adjustments to reconcile net income to net cash provided by (applied to) operating activities:	
Depreciation and amortization	8,979
Changes in:	
Accounts receivable	(27,618)
Prepaid expenses	(2,334)
Deposits and other assets	(50,000)
Accrued expenses	<u>65,800</u>
	<u>74,818</u>
<b>Cash provided by (applied to) investing activities:</b>	
Purchase of property and equipment	<u>(2,352)</u>
	<u>(2,352)</u>
<b>Cash provided by (applied to) financing activities:</b>	
Payments on line of credit	(108,702)
Advances on line of credit	<u>18,000</u>
	<u>(90,702)</u>
Increase (decrease) in cash	(18,236)
Cash, beginning of period	<u>22,741</u>
Cash, end of period	<u>\$ 4,505</u>
<b>Other cash flow information:</b>	
Interest paid	<u>\$ 26,456</u>

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**SUPPLEMENTARY INFORMATION**



**JNS POWER & CONTROL SYSTEMS, INC.**  
**SCHEDULE OF COSTS OF CONSTRUCTION**  
**FOR THE PERIOD INDICATED**

	TWELVE MONTHS ENDED DEC. 31, 2011	% OF NET REVENUE
<b>Direct costs of construction:</b>		
Direct labor	\$ 160,598	14.3
Job materials	166,684	14.8
Small tools	124	-
Operating supplies	106,536	9.5
Bond expense	1,550	0.1
Freight & delivery	451	-
Payroll taxes	11,014	1.0
Subcontractors	<u>11,750</u>	<u>1.0</u>
	<u>458,707</u>	<u>40.7</u>
<b>Indirect costs of construction:</b>		
Auto & truck expenses	25,284	2.2
Union benefits	95,694	8.5
Depreciation	2,804	0.2
Equipment rental	31,355	2.8
Insurance - W.C.	<u>6,299</u>	<u>0.6</u>
	<u>161,436</u>	<u>14.3</u>
	<u>\$ 620,143</u>	<u>55.0</u>

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**JNS POWER & CONTROL SYSTEMS, INC.**  
**SCHEDULE OF OPERATING EXPENSES**  
**FOR THE PERIOD INDICATED**

	TWELVE MONTHS ENDED DEC. 31, 2011	% OF NET REVENUE
Officers' compensation	\$ 175,440	15.6
Auto expense	13,531	1.2
Depreciation	6,175	0.5
Insurance - general	20,620	1.8
Accounting	18,429	1.6
Licenses & permits	6,133	0.5
Legal	358	-
Office supplies	6,363	0.6
Postage	1,903	0.2
Promotion	37,531	3.3
Printing & reproduction	382	-
Rent	66,410	5.9
Repairs and maintenance	1,250	0.1
Taxes - payroll	15,673	1.4
Telephone	18,062	1.6
Meals and entertainment	2,399	0.2
Travel	401	-
Utilities	4,440	0.4
Miscellaneous	2,042	0.2
	<u>\$ 397,542</u>	<u>35.3</u>

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# JNS Holdings

C O R P O R A T I O N

3339 N Ridge Avenue  
Arlington Heights, Illinois 60004

Date: March 12, 2012

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Our current share structure as of March 12, 2012 is as follows

Number of shares authorized: 122,000,000  
Number of shares outstanding: 108,721,624  
Number of shares in public float: 50,665,167

Sincerely,

JNS Holdings Corporation

Jean Howe  
President