

JLM COUTURE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	October 31, 2010 -----	July 31, 2011 (Unaudited) -----
Current assets:		
Cash and cash equivalents	\$ 1,228,383	\$ 649,510
Accounts receivable, net of allowance for doubtful accounts of \$ 325,000 at October 31, 2010 and \$ 375,000 at July 31, 2011	3,251,272	4,475,200
Inventories	4,538,119	4,761,388
Prepaid expenses and other current assets	314,031	587,417
Prepaid taxes	243,167	35,043
Deferred income taxes	126,000	94,000
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Total current assets	9,700,972	10,602,558
Equipment and leasehold improvements, net of accumulated depreciation and amortization of \$873,083 at October 31, 2010 and \$ 935,438 at July 31, 2011	251,137	188,781
Goodwill	211,272	211,272
Samples, net of accumulated amortization of \$241,429 at October 31, 2010 and \$434,551 at July 31, 2011	346,477	267,319
Other Assets	144,309	74,209
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Total Assets	\$ 10,654,167 =====	\$11,344,139 =====

JLM COUTURE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31, 2010	July 31, 2011 (Unaudited)
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Current liabilities:		
Accounts payable	\$ 1,120,625	\$ 1,530,591
Accrued expenses and other current liabilities	512,695	393,018
Revolving credit line		201,244
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Total current liabilities	1,633,320	2,124,853
Deferred income taxes	32,000	32,000
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Total liabilities	1,665,320	2,156,853
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Shareholders' equity:		
Preferred stock - \$.0001 par value, authorized 1,000,000 shares; issued and outstanding- none	-	-
Common stock - \$.0002 par value, authorized 10,000,000 shares; issued 2,434,480; outstanding 2,002,644	483	483
Additional paid-in capital	4,027,337	4,048,337
Retained earnings	6,177,229	6,380,422
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	10,205,049	10,429,242
Less: Notes receivable and accrued interest	(73,234)	(73,234)
Treasury stock at cost: 431,836 shares at October 31, 2010 and July 31, 2010	(1,142,968)	(1,168,722)
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Total shareholders' equity	8,988,847	9,187,286
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Total Liabilities and Shareholders' Equity	\$10,654,167	\$11,344,139
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JLM COUTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED JULY 31, 2011
(UNAUDITED)

	July 31, 2011 (Unaudited) -----
Net sales	\$18,509,647
Cost of goods sold	11,205,369 -----
Gross profit	7,304,278
Selling, general and administrative expenses	6,939,201 -----
Operating income	365,077
Interest expense -net	16,884 -----
Income before provision for income	348,193
Provision for income taxes	145,000 -----
Net income	\$ 203,193 =====

JLM COUTURE, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED JULY 31, 2011
 (UNAUDITED)

Note 1. Basis of Presentation

The consolidated balance sheet as of July 31, 2011 and the consolidated statement of income for the nine months ended July 31, 2011 have been prepared by the company without audit. In the opinion of management, all adjustments necessary to present fairly the financial position and results of operations as of July 31, 2011 have been made. The results of operations are not necessarily indicative of the results to be expected for the full year.

Certain statements, information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principals have been omitted. It is suggested that these financial statements be read in conjunction with the Company's annual audited financial statements and notes thereto for the year ended October 31, 2010.

Note 2. Inventories

Inventories are stated at the lower of cost (first in, first out) or market and include material, labor and overhead.

Inventories consisted of the following:

	October 31, 2010	July 31, 2011
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Raw materials	\$3,609,049	\$3,190,550
Work-in-process	318,553	775,853
Finished Goods	610,517	794,985
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	\$4,538,119	\$4,761,388
	=====	=====

Raw materials are shown net of \$98,000 obsolescence reserve at July 31, 2011 and October 31, 2010.

Note 3. Revolving Line of Credit

The Company has an available line of credit of up to \$1,000,000 with a financial institution. Borrowings are collateralized by the Company's cash, accounts receivable, securities, deposits and general intangibles. At July 31, 2011 and October 31, 2010 the Company had \$201,244 and \$-0- outstanding balances respectively under the revolving line of credit. Interest on the line accrues at the bank's prime rate plus 2.5% per annum.

Note 4. Revision

These financial statements have been revised on November 9, 2011 to correct an invoicing error.

