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HARRIS FARMS, INC.

EXAMINATION SUMMARY AND COMMENTS

July 30, 2009

I. EXAMINATION SCOPE

Asset Based Lending Consultants (“ABLC or Consultants”) were retained by Mr. Don of New Bank (“NB”) to perform a new business loan survey on the books and records of Harris Farms, Inc. and Affiliates (“HFI”) with Corporate Offices located at: 1641 N 71 Terrace, Hollywood, Florida 33024. NB is planning to assume the lending facilities extended to HFI by its current lender, Citibank and Mr. Don in his scope engagement to Consultants instructed them to follow the previous examination performed by Consultants for Citibank in January 2009. The examination focused on Accounts Receivable and Inventory pledged originally to Citibank as collateral along with a review of additional records inclusive of Financial Statements, Accounts Payable, Cash and Taxes. The General Ledger was closed for the month end June 30, 2009. The Accounts Receivable and Accounts Payable were analyzed as at 6/30/09. The Inventory number represents the full physical that was completed by HFI as of May 31st 2009 and rolled forward to June 30th 2009.

This exercise was completed with the assistance of Ms. Mary Sanchez, CFO, her accounting managers and staff.

Facility

The existing loan facility extended to HFI by Citibank, is as follows:

A \$50,000,000 Working Capital Facility supported by accounts receivable and inventory.

The Facility is structured as follows:

- ❖ Ninety percent (90%) of eligible accounts receivable from Costco, Home Depot, Home Depot Canada, Lowe’s, Sam’s Club, Wal-Mart, Wal-Mart Canada, K-Mart, BJ’s Wholesale, Rona Corporation and Eighty Five (85%) for all other eligible accounts receivable.

- ❖ Ineligible accounts receivable include but are not limited to:
 - Balances that are over ninety (90) days from invoice date.
 - Individual debtor accounts whose past due balances (90 days old) exceeds 25% of the aggregate.
- ❖ Fifty percent (50%) of the eligible inventory with an existing inventory borrowing sub-limit of \$25,000.0M.

II. EXECUTIVE SUMMARY

1. STRENGTHS

- Excess availability under the LOC of \$35.6MM at June 30, 2009.
- Effective advance rate of 23.5% at 6/30/09 based on combined availability of \$60,923M before the loan limit of \$50,000M kicks in.
- Strong customer base with top shelf debtors such as Lowes, Walmart, Home Depot, etc.
- An 11.3% revenue increase for the 6 months ended 6/30/09 vs 2008, despite the current toxic economic climate.
- Gross profit margins grew 540 basis points to 32.7% versus 27.3% for 6 months 2009 vs 2008.
- Net profits of \$25,161M for the 6 months ended 6/30/09 and EBITDA of \$32,139M.
- Strong balance sheet metrics from internally prepared financials at 6/30/09 showing working capital ratio of 2.8:1, debt to worth of 2.8:1 and tangible net worth of \$70 million.
- During the exit interview, Management stated that the loan balance was paid in full and as of 7/28/09 there was a zero balance.
- Per Management, the reasons for the improvement overall and in particular to cost savings was attributed to the hiring of Franklin Covey, a time and management consulting company. This company was hired in October 2008 and appears to be guiding the company to a new level, which bucks the economic trend in today's economy, a very proactive approach.

2. WEAKNESSES

- Scope of the examination was limited by the absence of a perpetual inventory system.
- Dilution rate of 7.8% on accounts receivable does not compare favorably with the advance rates of 90% and 85% detailed earlier under the “Facility” section of this report. The additional dilution reserve imposed by Consultants will serve to mitigate this risk.
- Tests of authenticity on accounts receivable results showed a number of proofs of delivery, although signed were not dated. It is suggested that a directive be given to the drivers instructing them to obtain a completed signed and dated bill of lading.
- It is suggested the accounts receivable roll forward be completed monthly by HFI’s internal staff. This will provide dilution and other key indices to the Management and the lender in a real time basis.
- Sales tax returns are not being filed in a timely manner, however, the number of delinquency days were minimal.

III. COMPANY OVERVIEW

HFI is a leading provider of tropical foliage, and ornamental shrubs in the United States. HFI was founded by Jose Harris in 1961 and incorporated in Florida on December 20, 1968. Now in its third generation of leadership, HFI is run by Jose Harris's son-in-law Jose Smith - CEO, and grandson Jose Harris III - VP of Operations and Production Manager of the foliage farm.

The HFI family of companies consists of numerous entities with the following included in the Borrowing Base of Citibank as Co-Borrowers and Cross-Corporate Guarantors:

- **Harris Farms, LLC** - formed in 2005 as the primary operating Company for both the bedding plant and foliage operations in 2005.
- **Harris Color Corp. (HCC) (also known as Beauty Garden)**, was incorporated in Florida on January 30, 2002. Beauty Garden was founded for the sole purpose of providing Lowe’s – a major home improvement retailer, with assistance in managing inventory by ensuring proper stocking levels, maximizing sales, and maintaining well organized plan-o-grams (store layouts).
- **Harris Carolina, Inc. (HCI)** was incorporated on March 4, 2002 as a North Carolina corporation. In 2002, Harris Color, Inc. decided to expand the bedding and potting plant business by purchasing the former Velvet Ridge facility in Asheville, NC. and led to the formation of HCI. Because of the northern location, HCI was able to add crops, requiring a cooler climate, to the product mix (e.g.

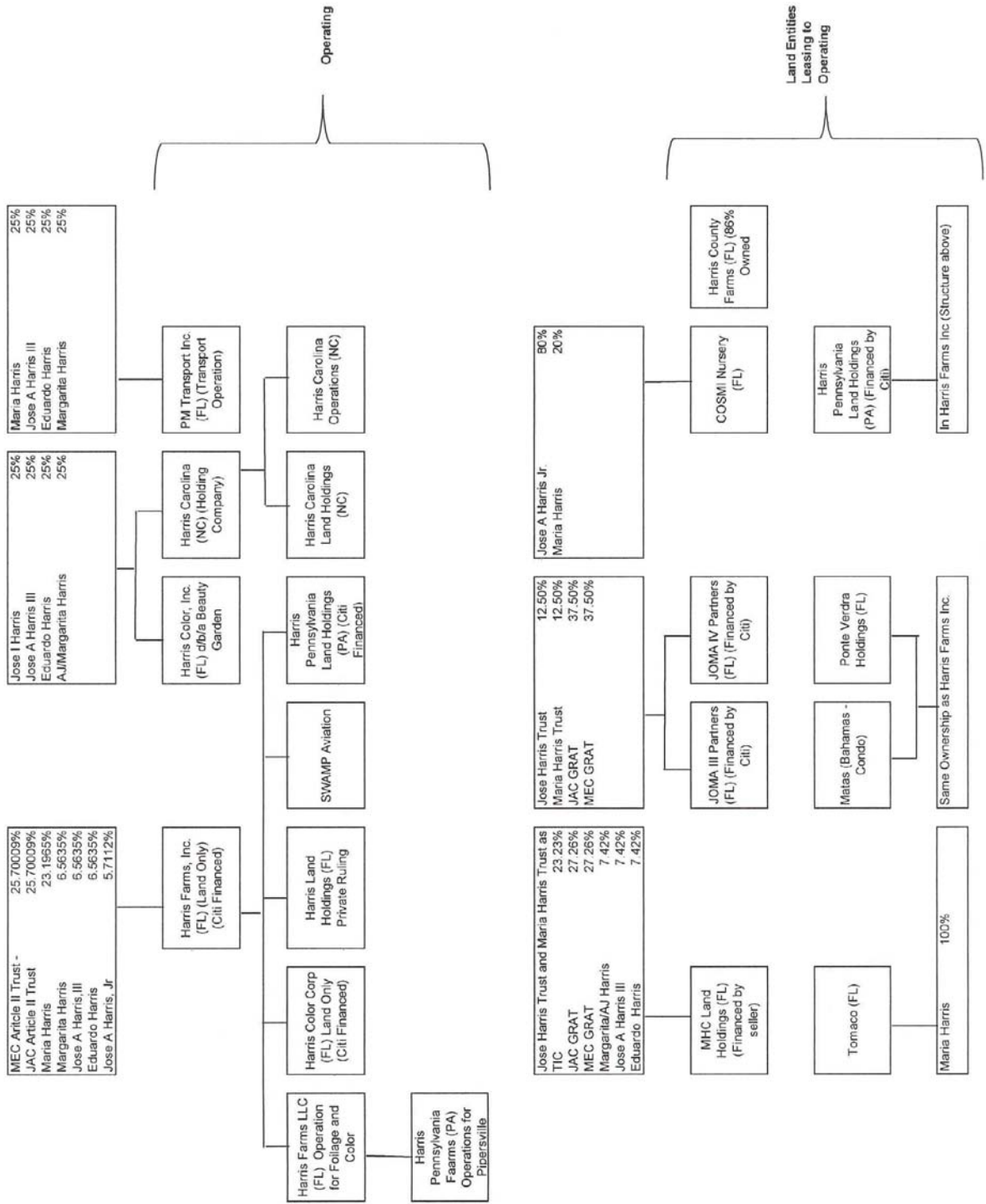
pansies and mums). In addition, distribution to the north east customers became more efficient.

- **Harris Pennsylvania Farms, LLC (HPF)** located on 60 acres in Pipersville, PA also involved in the potting and bedding plants operations.
- Additionally, HFI has a farm located in the Dominican Republic comprising of 2,700 acres for the purpose of producing cuttings and finished materials in a low cost environment. The Company has also acquired 270 acres in Costa Rica which performs the same functions as the Dominican Republic operation.

For a complete list of locations and acreages where HFI has operations please refer to the *Inventory* section of this presentation.

Together, HFI, HCC, HCI and HPF (hereinafter referred to collectively as “HFI” or the “Company”) sell to Fortune 100 corporations. These corporations include general merchandise stores such as Walmart, Sam’s and Costco; home improvement stores such as Home Depot and Lowe’s, as well as retail garden stores, and commercial landscapers located throughout the United States, Canada and Europe.

HARRIS FARMS, INC. STRUCTURE
as of 6/09



IV. BOOKS AND RECORDS

In 2003, the Company converted from a customized in-house accounting system to Great Plains Dynamics. Great Plains is fully integrated and has the capability to produce a wide cross-section of accounting reports on demand

- 1) HFI only produces a complete set of financials with an accurate Balance Sheet on a semi-annual basis (June interim and FYE Audit).
- 2) The monthly “financials” produced by the company do not reflect the company’s harvesting of plants already on site, rather it uses the current plant purchases for that specific month in its Cost of Goods (“COGS”) calculations. By doing so the monthly, COGS figures are understated thereby either overstating or understating profits on a monthly basis. Mary Sanchez in the exit interview agreed with this finding and told Consultants that HFI is working on getting its record keeping both vertically and horizontally integrated so that they can eventually produce accurate and reliable monthly financials. She alluded to the fact that at the pace things are moving, that this could considerable time to achieve. The only fully reliable numbers currently are the June 30th interim and year end December 31st audited when full physical inventories are undertaken. Although this year instead of June the physical was completed in May, as the Company was renewing its’ insurance and part of the requirement was a full physical.
- 3) HFI does not have a perpetual inventory system in place and reports inventory on static basis for the months between physicals in June and December. Ms. Sanchez stated that HFI is working on getting a perpetual system presently but that will also take time in excess of twelve months.

V. AVAILABILITY

		PER COMPANY			PER CONSULTANT		
		MASS MKT A/R	OTHER A/R	TOTALS	MASS MKT A/R	OTHER A/R	TOTALS
	06/30/09			\$0.0	\$491.1		\$ 491.1
COSTCO				\$0.0	\$0.0		\$ -
COSTCO CANADA		\$1,800.3		\$1,800.3	\$1,800.3		\$ 1,800.3
HOME DEPOT				\$0.0	\$0.3		\$ 0.3
HOME DEPOT CANADA				\$0.0	\$587.3		\$ 587.3
RONA CORPORATION		\$24,008.7		\$24,008.7	\$24,008.7		\$ 24,008.7
LOWES COMPANIES		\$2,097.8		\$2,097.8	\$2,097.8		\$ 2,097.8
LOWES GARDEN VISION		\$4,364.0		\$4,364.0	\$4,364.0		\$ 4,364.0
WALMART		\$842.4		\$842.4	\$842.4		\$ 842.4
WALMART CANADA		\$0.0		\$0.0	\$0.0		\$ (0.0)
SAM'S WAREHOUSE		\$49.9		\$49.9	\$49.9		\$ 49.9
BJ'S WHOLESALE		\$897.8		\$897.8	\$897.8		\$ 897.8
KMART CORPORATION		\$646.3		\$646.3			\$ -
IKEA WHOLESALE INC.			\$ 8,415.9	\$8,415.9		\$ 4,769.0	\$ 4,769.0
Other A/R				\$0.0		\$ 3,214.4	\$ 3,214.4
Accrued Sales posted (1)							
GROSS RECEIVABLES - AS OF:	6/30/09	\$ 34,707.3	\$ 8,415.9	\$ 43,123.1	\$ 35,139.6	\$ 7,983.4	\$ 43,123.1
LESS INELIGIBLES: AS OF	6/30/09						
OVER 90 DAYS PAST DUE			\$ 182.3	\$ 182.3	\$ (150.2)	\$ 333.8	\$ 183.6
25% CROSS AGING		\$ -	\$ 276.2	\$ 276.2	\$ -	\$ 252.7	\$ 252.7
PAST DUE CREDITS		\$ -			\$ 201.3	\$ 299.7	\$ 501.0
FOREIGN RECEIVABLES		\$ 62.7		\$ 62.7	\$ -	\$ 51.4	\$ 51.4
AFFILIATE RECEIVABLES		\$ 14.9		\$ 14.9	\$ -	\$ 63.4	\$ 63.4
CONTRA ACCOUNTS					\$ -	\$ 176.0	\$ 176.0
PREPAID & COD					\$ -	\$ 41.5	\$ 41.5
CREDIT MEMO LAG					\$ -	\$ 220.0	\$ 220.0
SALES REBATE (2)							
LOWE'S REBATE	10.30%	\$2,163.7		\$ 2,163.7	\$ 2,482.8		\$ 2,482.8
COSTCO COS.	7.90%				\$ 38.8		\$ 38.8
SAM'S CLUB	3.60%				\$ -		\$ -
					\$ -		\$ -
TOTAL INELIGIBLES		\$ 2,241.2	\$ 458.5	\$ 2,699.8	\$ 2,572.7	\$ 1,438.4	\$ 4,011.0
ELIGIBLE RECEIVABLES		\$ 32,466.0	\$ 7,957.3	\$ 40,423.3	\$ 32,567.0	\$ 6,545.1	\$ 39,112.1
ADVANCE RATE		90%	85%		90%	85%	
AVAILABLE A/R		\$ 29,219.4	\$ 6,763.7	\$ 35,983.1	\$ 29,310.3	\$ 5,563.3	\$ 34,873.6
GROSS INVENTORY	6/30/09			\$42,800.0			\$ 42,800.0
LESS INELIGIBLES							
OFF-SITE LOCATION				\$ 901.7			\$ 901.7
SUPPLIES				\$ 900.0			\$ 900.0
OTHER: (HD CONSIGN)				\$ 1,801.7			\$ 1,801.7
TOTAL INELIGIBLES				\$ 1,801.7			\$ 1,801.7
ELIGIBLE INVENTORY				\$ 40,998.3			\$ 40,998.3
INVENTORY ADVANCE RATE		50%					
INVENTORY CAP		\$25,000.0					
AVAILABLE INVENTORY				\$ 20,499.2			\$ 20,499.2
TOTAL AVAILABILITY				\$ 50,000.0			\$ 50,000.0
LESS:							
OUTSTANDING REVOLVER				\$ 10,589.3			\$ 10,589.3
LETTER OF CREDIT				\$ 3,725.0			\$ 3,725.0
TRADE ACCEPTANCE							
OTHER							
SURPLUS (DEFICIT) AVAILABILITY				\$ 35,685.7			\$ 35,685.7

Notes to Availability Calculations

(1) Accrued sales posted 07/09 represents sales made on 06/30/09 and not posted to A/R until 07/01/09. This was the reconciling difference between the A/R balance per the aging and the balance per the BBC.

(2) A 90% advance is made against accounts designated as Mass Market accounts (based on sales volume). These include Lowes, Costco and SAMS Club which has current dilution rates of 13.7%, 7.9% and 3.6%, respectively. The Consultants are suggesting dilution reserves on all balances under 90 days from these 3 accounts as follows:

Lowes	10.3%
Costco	7.9%
SAMS Club	3.6%

Under the agreement with the current lender, the reserve rebate for Lowes is decreased by 25%. Were this to be continued, the reserve would be 10.3% This is calculated as follows: reserve rebate = 13.7%, Lowe's pays in 45 days deducting the rebates therefore applied rebate reserves = $13.7\% \times 75\%$ (45 days taken) = 10.3%.

The 90% advance leaves a 10% cushion to cover further erosion and projected expenses in a liquidation scenario.

3) The difference between the calculation of availability per the BBC and the Consultant due primarily to the inclusion of past due credits by the Consultants which the Company did not include in their calculations.

b. Availability tracking

2009

MONTH ENDING	A/R BALANCE	AVAILABILITY	INVENTORY BALANCE	AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
1/31/2009	25,092	19,234	54,198	25,000	44,234	34,589	4,320	38,909	5,324	49.4%	50.6%	88.0%
2/28/2009	24,911	22,155	56,000	25,000	47,155	36,589	2,975	39,564	7,591	56.0%	44.0%	83.9%
3/31/2009	43,220	34,636	54,800	25,000	59,636	34,589	2,975	37,564	12,436	92.2%	7.8%	79.1%
4/30/2009	69,823	60,133	54,800	25,000	85,133	43,589	3,725	47,314	2,686	100.0%	0.0%	96.8%
5/31/2009	76,678	72,468	54,800	25,000	97,468	34,089	3,725	37,814	12,186	100.0%	0.0%	87.5%
6/30/2009	43,123	40,423	42,800	20,499	60,923	10,589	3,725	14,314	35,686	100.0%	0.0%	41.4%

2007 - 2008

MONTH ENDING	A/R BALANCE	AVAILABILITY	INVENTORY BALANCE	AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
11/30/2007	28,331	21,784	49,165	25,000	46,784	33,100	3,320	36,420	10,364	59.8%	40.2%	77.8%
12/31/2007	20,737	14,983	50,713	25,000	39,983	33,100	3,320	36,420	3,563	41.1%	58.9%	91.1%
1/31/2008	21,288	15,991	50,713	25,000	40,991	34,100	3,320	37,420	3,571	42.7%	57.3%	91.3%
2/29/2008	28,225	21,973	52,515	25,000	46,973	35,600	3,320	38,920	8,053	56.5%	43.5%	82.9%
3/31/2008	39,388	30,948	52,515	19,052	50,000	39,100	3,320	42,420	7,580	73.0%	27.0%	84.8%
4/30/2008	63,825	50,000	50,713	-	50,000	45,950	3,320	49,270	730	100.0%	0.0%	98.5%
5/31/2008	58,292	46,936	50,713	3,064	50,000	32,089	3,320	35,409	14,591	100.0%	0.0%	70.8%
6/30/2008	41,733	32,447	52,515	17,553	50,000	15,089	4,320	19,409	30,591	100.0%	0.0%	38.8%
7/31/2008	29,373	20,979	46,273	22,686	43,665	7,089	4,320	11,409	32,256	100.0%	0.0%	26.1%
8/31/2008	26,669	18,952	46,273	22,686	41,637	7,589	4,320	11,909	29,728	100.0%	0.0%	28.6%
9/30/2008	21,311	15,370	46,273	22,686	38,055	13,089	4,320	17,409	20,646	88.3%	11.7%	45.7%
10/31/2008	25,208	19,314	46,273	22,686	42,000	23,589	4,320	27,909	14,091	69.2%	30.8%	66.5%
11/30/2008	26,674	20,607	46,273	22,686	43,293	28,089	4,320	32,409	10,883	63.6%	36.4%	74.9%
12/31/2008	22,038	16,619	54,198	25,000	41,619	28,589	2,975	31,564	10,054	52.7%	47.3%	75.8%

October 2007 - Adjusted to reflect audit findings

MONTH ENDING	A/R BALANCE	AVAILABILITY	INVENTORY BALANCE	AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
10/31/2008	25,208	18898.9	46,273	22,686	41,585	23,589	4,320	27,909	13,675	67.7%	32.3%	67.1%

2006 - 2007

MONTH ENDING	A/R BALANCE	AVAILABILITY	INVENTORY BALANCE	AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
11/30/2006	25,012	21,320	40,605	19,852	40,000	30,700	2,870	33,570	6,430	63.5%	36.5%	83.9%
12/31/2006	24,317	20,950	40,605	19,852	40,000	28,700	2,870	31,570	8,430	66.4%	33.6%	78.9%
1/31/2007	19,031	16,527	48,605	23,853	40,000	34,700	2,870	37,570	2,430	44.0%	56.0%	93.9%
2/28/2007	21,262	18,122	52,515	25,000	40,000	33,700	2,870	36,570	3,430	49.6%	50.4%	91.4%
3/31/2007	32,350	27,597	52,515	25,000	40,000	34,700	2,870	37,570	2,430	73.5%	26.5%	93.9%
4/30/2007	49,699	43,650	52,515	25,000	50,000	41,200	3,320	44,520	5,480	98.0%	2.0%	89.0%
5/31/2007	50,805	44,396	52,284	20,000	50,000	36,200	3,320	39,520	10,480	100.0%	0.0%	79.0%
6/30/2007	35,134	29,507	52,284	20,000	49,507	23,200	3,320	26,520	22,987	100.0%	0.0%	53.6%
7/31/2007	20,749	16,564	49,165	20,000	36,564	18,500	3,320	21,820	14,744	75.9%	24.1%	59.7%
8/31/2007	20,094	15,222	48,263	20,000	35,222	19,500	3,320	22,820	12,402	66.7%	33.3%	64.8%
9/30/2007	21,628	13,567	49,165	20,000	33,567	22,500	3,320	25,820	7,747	52.5%	47.5%	76.9%
10/31/2007	21,435	15,185	49,165	20,000	35,185	27,600	3,320	30,920	4,265	49.1%	50.9%	87.9%

Comparative Loan reliance 6/30/09, 6/30/08 & 6/30/07

MONTH ENDING	A/R BALANCE	AVAILABILITY	INVENTORY BALANCE	AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
6/30/2007	35,134	29,507	52,284	20,000	49,507	23,200	3,320	26,520	22,987	100.0%	0.0%	53.6%
6/30/2008	41,733	32,447	52,515	17,553	50,000	15,089	4,320	19,409	30,591	100.0%	0.0%	38.8%
6/30/2009	43,123	40,423	42,800	20,499	60,923	10,589	3,725	14,314	35,686	100.0%	0.0%	41.4%

The current availability loan tracking and collateral reliance data as stratified above shows a total reliance increase in 2009 compared to 2008 of with 230 basis points. At present, such as was in 2007 and 2008, there is currently no inventory reliance. Over the last 24 months, the clean up period when there is no inventory reliance runs between January through August. The current effective advance rate on the combined collateral pool is 23.5%

Please note that the loan reliance of 41.4% is based on the line of credit of \$50,000M and the effective advance rate is based on suppressed availability. Total availability without the line of \$50,000M at 6/30/09 would be \$60,923M.

IV. KEY FINANCIAL HIGHLIGHTS

a) Annual Comparisons

(\$000's)

Net Sales

	<u>Amount</u>	<u>%</u>
12/31/08	\$230,876	
12/31/07	\$223,551	
Increase	\$7,325	3.3%

Gross Profits

	<u>Amount</u>	<u>%</u>
12/31/08	\$58,299	25.3% of sales
12/31/07	\$ 63,803	28.5% of sales

Net Income

	<u>Amount</u>	<u>%</u>
12/31/08	\$5,514	2.4% of sales
12/31/07	\$8,256	3.7% of sales
Decrease	\$2,742	33.2 %

EBITDA

	<u>Amount</u>	
12/31/08	\$32,139	13.9% of sales
12/31/07	\$25,474	11.4% of sales

The above calculation excludes the loss attributable to affiliates of \$1,452M and \$2,311M for 12/31/08 and 12/31/07, respectively. The revisited EBITDA calculation accounting for these, are as follows:

12/31/08	\$30,687M	13.3% of sales
12/31/07	\$23,163M	10.4% of sales

Working Capital/Current Ratio

	12/31/08	<u>12/31/07</u>
* Current Asset	\$96,697	\$92,805
Current Liabilities	<u>56,818</u>	<u>68,045</u>
Working Capital	\$39,879	\$24,760
Current Ratio	1.8:1	1.4:1

* Prepaids of \$7,595M and \$365M eliminated for 12/31/08 and 12/31/07, respectively.

Tangible Net Worth

	12/31/08	<u>12/31/07</u>
Shareholder Equity	\$55,015	\$51,892
Less: Other asset	<4,806>	<2,234>
Prepaid	<u><7,596></u>	<u><365></u>
Tangible Net Worth	\$42,613	\$49,293

Debt to Tangible Net Worth Ratio

	12/31/08	<u>12/31/07</u>
Total Liabilities	\$56,819	\$68,045
Tangible Net Worth	\$42,613	\$49,293
Debt to TNW Ratio	1.4:1	1.4:1

b) **Interim 6 ME 6/30/09 vs. 6/30/08****Net Sales**

	<u>Amount</u>
6/30/09	\$165,701
6/30/08	148,890
Increase	\$16,811 or 11.3 %

Gross Profit

	<u>Amount</u>
6/30/09	\$54,249 or 32.7 %
6/30/08	40,669 or 27.3 %

Net Profit

	<u>Amount</u>
6/30/09	\$25,161 or 15.2%
6/30/08	18,420 or 12.4%
Increase	\$ 6,741 or 36.6 %

EBITDA

6/30/09	\$32,138 or 19.4% of sales
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The above EBITDA calculation excludes the loss attributable to affiliates of \$905M for 6/30/09. Interim financials did not detail all the information required to complete this section. The revisited EBITDA calculation accounting for these, are as follows:

Working Capital/Current Ratio

	<u>6/30/09</u>	<u>6/30/08</u>
* Current Asset	\$112,265	\$111,172
Current Liabilities	<u>42,347</u>	<u>46,776</u>
Working Capital	\$ 69,918	\$ 64,396
Current Ratio	2.8:1	2.5: 1

* Prepaids of \$6,309M and \$4,717M eliminated for 6/30/09 and 6/30/08, respectively.

Tangible Net Worth

	<u>6/30/09</u>	<u>6/30/08</u>
Shareholder Equity	\$79,976	\$77,113
Less: Other asset	<3,708>	<193>
Prepaid	<u><6,309></u>	<u><4,717></u>
Tangible Net Worth	\$69,958	\$77,113

Debt to Tangible Net Worth Ratio

	<u>6/30/09</u>	<u>6/30/08</u>
Total Liabilities	\$42,347	\$46,776
Tangible Net Worth	\$69,958	\$77,113
Debt to TNW Ratio	2.8: 1	2.5: 1

VIII. COLLATERAL PERFORMANCE

1. ACCOUNTS RECEIVABLE

a) Comparative Aging Spread

The following are accounts receivable aging as of 6/30/09 and 6/30/08 on an invoice date basis:

(\$000's)

Aging	Current Exam		Prior Period	
	06/30/09		06/30/08	
Curent	\$18,279.3	45.8%	\$14,887.5	39.8%
31-60	\$20,376.3	51.1%	\$19,184.3	51.3%
61-90	\$1,024.6	2.6%	\$1,603.3	4.3%
Over 90	\$228.5	0.6%	\$1,711.7	4.6%
TOTAL A/R	\$39,908.7	100.0%	\$37,386.7	100.0%

The accounts receivable balances at 6/30/09 increased \$2,522M or 6.7% over the prior comparable period. This trend mirrors the revenue growth of revenue at 11.2% in 2009 vs 2008. The aging performance improved as the balances over 90 days decreased to 0.6% of the total accounts receivable balance on June 30, 2009. According to Management, there have been write offs of bad debts totaling \$116.6M since the prior comparable period. Management has stated that they have become more aggressive in its collection of past due balances. Prior year balances included large sums to Barcelo Enterprises and Moon Valley which have been subsequently paid.

b) Statistical Analysis

The following was taken from the statistical analysis compiled by the Consultants for the twelve (12) months ended 6/30/09 and 6/30/08:

(\$000's)

Category	6/30/09	6/30/08
Gross Collection - \$	254,201	236,966
Gross Sales - \$	263,820	245,037
Dilution - \$	20,450	19,482
Dilution - %	7.8	8.0
Turnover - days	54	52

Accounts receivable turnover per the statistics compiled by the Consultants was 54 days for the twelve months ended June 30, 2009. When compared to the statistical information compiled as of June 30, 2008, the turnover was 47 days.

Accounts receivable turnover per the financial statements was 43 days for the six months ended 06/30/09 versus 51 days for the prior comparable period ended 06/30/08. A/R turnover for the financial year ended 12/31/08 was 37 days.

Dilution which consisted primarily of rebates was 7.8% for the twelve months ended June 30, 2008. This does not compare favorably with the advance rates of 85% to 90% mentioned earlier in the facility section.

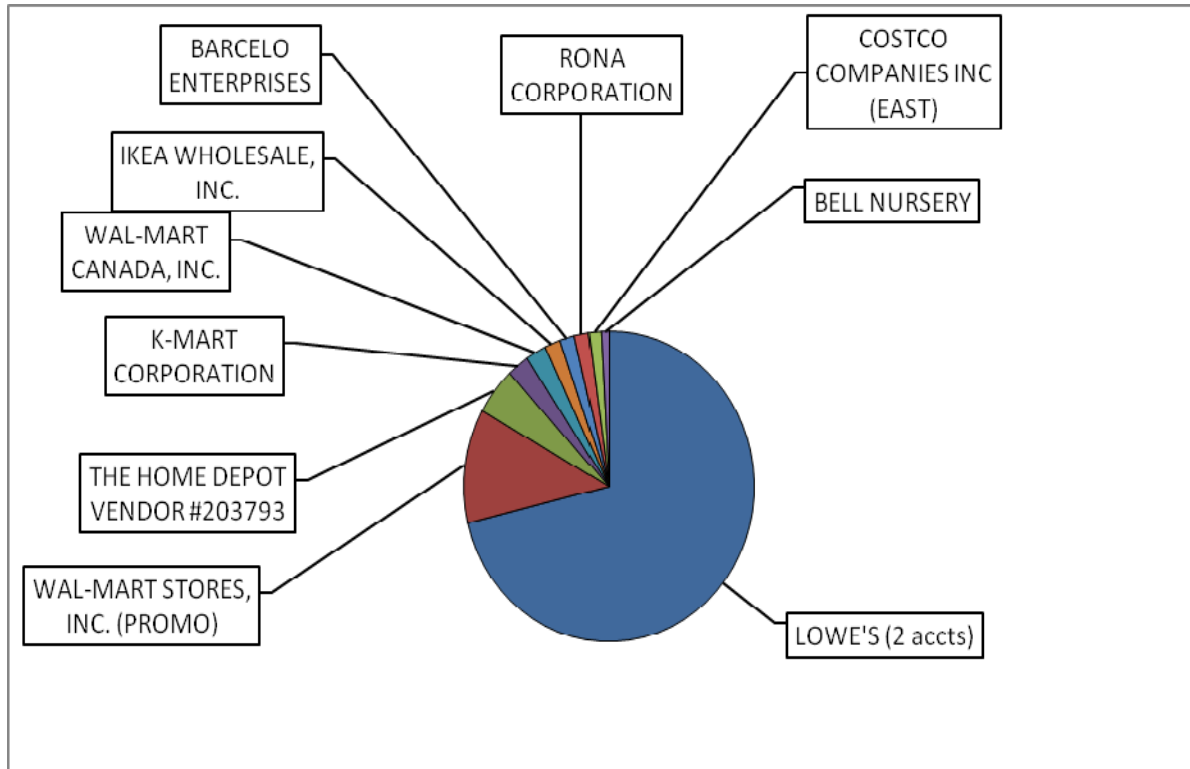
Dilution consists of sales rebates, invoicing errors, price adjustments, exchange rate adjustments and contra adjustments. A dilution reserves has been implemented to accommodate additional dilution risks, which exists between the conventional advance rate which would be 100% less dilution x 2 + 5% and the advance rate allowed by the current lender. As at 6/30/09, the Company had a rebate reserve of \$1,745M in its Borrowing Base to insulate the Lender against this risk.

c) **Concentration**

The top ten customers, as of 6/30/09, are as follows:

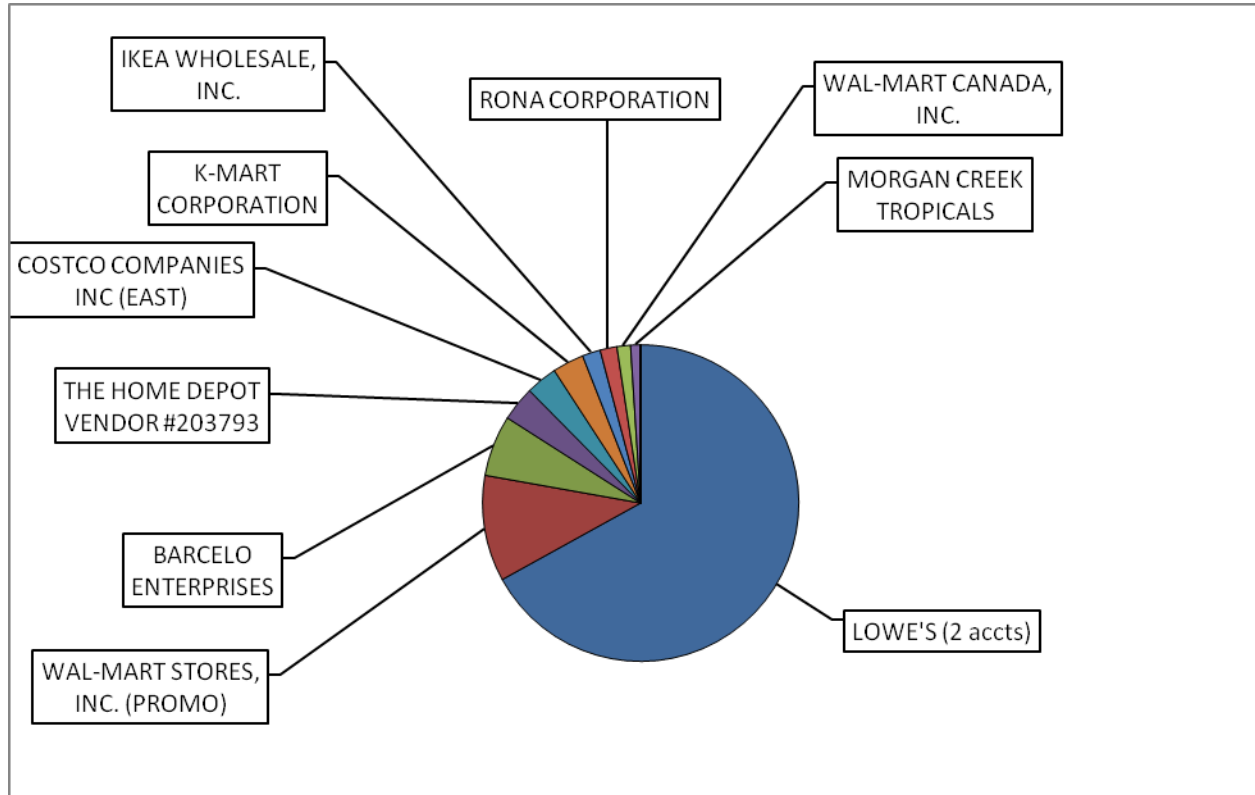
CUSTOMER NAME	ADDRESS (CITY & STATE)	%	TOTAL	CURRENT	31-60	61-90	OVER 90
LOWE'S (2 accts)	North Wilkesboro/NC	65.4%	\$26,106.5	\$10,804.0	\$15,363.9	\$34.4	(\$95.8)
WAL-MART STORES, INC. (PROMO)	Bentonville/ AR	10.9%	\$4,364.0	\$2,450.2	\$1,945.9	(\$6.8)	(\$25.2)
THE HOME DEPOT VENDOR #203793	Atlanta/ Georgia	4.5%	\$1,800.3	\$1,148.0	\$661.5	\$3.6	(\$12.9)
K-MART CORPORATION	Troy/Michigan	2.2%	\$897.8	\$43.3	\$340.0	\$530.1	(\$15.5)
WAL-MART CANADA, INC.	Ontario/ Canada	2.1%	\$842.4	\$505.5	\$358.3	\$0.2	(\$21.7)
IKEA WHOLESALE, INC.	West Hampton /NJ	1.6%	\$646.3	\$599.9	\$48.3	(\$0.6)	(\$1.3)
BARCELO ENTERPRISES	Fallbrook/CA	1.5%	\$594.5	\$85.5	\$74.5	\$44.4	\$390.1
RONA CORPORATION	Quebec/Canada	1.5%	\$587.3	\$260.2	\$220.4	\$56.3	\$50.4
COSTCO COMPANIES INC (EAST)	Seattle/Washington	1.2%	\$491.1	\$456.5	\$61.6	\$3.4	(\$30.3)
BELL NURSERY	Burtonsville/Maryland	0.8%	\$328.2	\$139.5	\$149.4	\$0.1	\$39.2

TOTAL 91.9% \$36,658.4 \$16,492.5 \$19,074.3 \$665.1 \$237.9



The top ten customers, as of 6/30/08, were as follows:

CUSTOMER NAME	ADDRESS (CITY & STATE)	%	TOTAL	CURRENT	31-60	61-90	OVER 90
LOWE'S (2 accts)	North Wilkesboro/NC	55.3%	\$22,075.2	\$7,967.4	\$14,001.7	\$5.8	\$100.2
WAL-MART STORES, INC. (PROMO)	Bentonville/ AR	9.0%	\$3,572.7	\$2,461.4	\$1,195.1	\$3.7	(\$87.6)
BARCELO ENTERPRISES	Fallbrook/CA	5.1%	\$2,053.2	\$252.0	\$688.3	\$264.1	\$848.7
THE HOME DEPOT VENDOR #203793	Atlanta/ Georgia	2.9%	\$1,166.9	\$978.2	\$158.5	\$35.5	(\$5.3)
COSTCO COMPANIES INC (EAST)	Seattle/Washington	2.7%	\$1,061.3	\$469.2	\$384.3	\$183.5	\$24.3
K-MART CORPORATION	Troy/Michigan	2.7%	\$1,060.1	\$81.8	\$692.4	\$284.7	\$1.2
IKEA WHOLESale, INC.	West Hampton /NJ	1.5%	\$610.8	\$543.9	\$67.0	\$0.0	(\$0.1)
RONA CORPORATION	Quebec/Canada	1.4%	\$569.0	\$199.6	\$278.6	\$64.8	\$26.1
WAL-MART CANADA, INC.	Ontario/ Canada	1.1%	\$455.9	\$373.2	\$101.0	\$2.6	(\$20.9)
MORGAN CREEK TROPICALS	Surrey/Canada	0.8%	\$335.5	\$260.1	\$42.0	\$0.0	\$33.5
TOTAL		82.6%	\$32,960.7	\$13,586.8	\$17,566.9	\$844.7	\$886.7



d) Sales by Top Ten Customers

Top 10 Customer Sales For 12 Months 12/31/06									
CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWE'S CORPORATE TRADE PAYABLE (C9408)	\$96,619,807	\$2,238,365	\$94,381,442	53.1%	2.3%	\$12,799,000		\$15,037,365	15.6%
WAL*MART STORES, INC. (F2140)	\$29,458,414	\$567,914	\$28,890,500	16.2%	1.9%	\$0		\$567,914	1.9%
THE HOME DEPOT VENDOR #203793 (C8367)	\$20,729,632	\$3,297,165	\$17,432,467	11.4%	15.9%	\$0		\$3,297,165	15.9%
COSTCO COMPANIES INC.(EAST) (B9798)	\$5,095,810	\$579,213	\$4,516,597	2.8%	11.4%	\$0		\$579,213	11.4%
WAL-MART CANADA, INC. (W1026)	\$5,021,849	\$515,916	\$4,505,933	2.8%	10.3%	\$0		\$515,916	10.3%
BARCELO ENTERPRISES (B3444)	\$3,573,157	\$101,844	\$3,471,313	2.0%	2.9%	\$0		\$101,844	2.9%
HOME DEPOT CANADA MER.PAYABLE (D1101)	\$2,162,792	\$36,892	\$2,125,900	1.2%	1.7%	\$0		\$36,892	1.7%
ANGEL PLANTS, INC. (A4188)	\$1,692,993	\$22,500	\$1,670,493	0.9%	1.3%	\$0		\$22,500	1.3%
RONA CORPORATION (A5146)	\$1,601,091	\$163,486	\$1,437,605	0.9%	10.2%	\$0		\$163,486	10.2%
KROGER CO. NFC (D0131)	\$1,485,560	\$17,643	\$1,467,917	0.8%	1.2%	\$0		\$17,643	1.2%
IKEA WHOLESALE, INC. (I1208)	\$1,286,137	\$274	\$1,285,863	0.7%	0.0%	\$0		\$274	0.0%
TOTAL TOP TEN	\$168,727,242	\$7,541,213	\$161,186,029	92.6%	4.5%	\$12,799,000		\$20,340,213	12.1%
ALL OTHERS	\$13,396,758								
TOTAL SALES FOR 2006	\$182,124,000								

Top 10 Customer Sales For 12 Months ended 12/31/07									
CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$110,504,664	\$2,407,763	\$108,096,901	47.5%	2.2%	\$12,469,738		\$14,877,501	13.5%
WALMART STORES, INC. (F2140)	\$35,607,854	\$697,694	\$34,910,161	15.3%	2.0%	\$0		\$697,694	2.0%
THE HOME DEPOT VENDOR #203793 (C8637)	\$34,523,760	\$6,636,023	\$27,887,737	14.9%	19.2%	\$0	\$3,083,619	\$3,552,404	10.3%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$5,427,171	\$469,162	\$4,958,009	2.3%	8.6%	\$0		\$469,162	8.6%
IKEA WHOLESALE, INC. (I1208)	\$5,397,724	\$1,645	\$5,396,079	2.3%	0.0%	\$0		\$1,645	0.0%
WALMART CANADA, INC. (W1026)	\$5,184,942	\$446,887	\$4,738,056	2.2%	8.6%	\$0	\$307,869	\$139,018	2.7%
BARCELO ENTERPRISES (B3444)	\$3,718,022	\$161,190	\$3,556,832	1.6%	4.3%	\$0		\$161,190	4.3%
RONA CORPORATION (A5146)	\$2,541,970	\$44,059	\$2,497,911	1.1%	1.7%	\$0		\$44,059	1.7%
ANGEL PLANTS, INC. (A4188)	\$1,792,379	\$4,737	\$1,787,642	0.8%	0.3%	\$0		\$4,737	0.3%
KROGER COMPANY, NKC (D0131)	\$1,584,121	\$318	\$1,583,803	0.7%	0.0%	\$0		\$318	0.0%
TOTAL TOP 10 SALES FOR M/E 12/31/07	\$206,282,606	\$10,869,476	\$195,413,130	88.7%	5.3%	\$12,469,738	\$3,391,488	\$19,947,726	9.7%
ALL OTHERS	\$26,172,193								
TOTAL SALES FOR 2007	\$232,454,799								

Top 10 Customer Sales For 12 Months 12/31/08									
CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$118,498,821	\$2,822,502	\$115,676,319	46.2%	2.4%	\$13,745,863	\$0	\$16,568,365	14.0%
WALMART STORES, INC. (F2140)	\$26,683,991	\$468,174	\$26,215,817	10.4%	1.8%	\$0	\$0	\$468,174	1.8%
THE HOME DEPOT VENDOR #203793 (C8637)	\$25,066,441	\$473,563	\$24,592,878	9.8%	1.9%	\$187,998	\$339,326	\$322,235	1.3%
SAM'S CLUB US (F2140)	\$8,786,540	\$372,725	\$8,413,815	3.4%	4.2%	\$0	\$0	\$372,725	4.2%
IKEA WHOLESALE, INC. (I1208)	\$6,966,474	\$6,365	\$6,960,109	2.7%	0.1%	\$0	\$0	\$6,365	0.1%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$6,249,904	\$854,208	\$5,395,696	2.4%	13.7%	\$0	\$0	\$854,208	13.7%
WALMART CANADA, INC. (W1026)	\$5,828,376	\$76,043	\$5,752,333	2.3%	1.3%	\$0	\$0	\$76,043	1.3%
BELL NURSERY (B4051)	\$4,061,190	\$37,340	\$4,023,850	1.6%	0.9%	\$0	\$0	\$37,340	0.9%
K-MART CORPORATION (K6180)	\$2,740,755	\$24,480	\$2,716,275	1.1%	0.9%	\$0	\$0	\$24,480	0.9%
RONA CORPORATION (A5146)	\$1,877,571	\$15,869	\$1,861,702	0.7%	0.8%	\$0	\$0	\$15,869	0.8%
TOTAL TOP 10 SALES FOR 12 M/E 12/31/08	\$206,760,063	\$5,151,269	\$201,608,794	80.7%	2.5%	\$13,933,862	\$339,326	\$18,745,805	9.1%
ALL OTHERS	\$49,572,396								
TOTAL SALES FOR 2008	\$256,332,459								

Top 10 Customer Sales For 6 Months 06/30/09									
CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$87,947,059	\$1,860,343	\$86,086,716	50.4%	2.1%	\$10,201,859	\$0	\$12,062,202	13.7%
WALMART STORES, INC. (F2140)	\$27,048,436	\$750,193	\$26,298,243	15.5%	2.8%	\$0	\$0	\$750,193	2.8%
THE HOME DEPOT VENDOR #203793 (C8637)	\$15,501,314	\$204,555	\$15,296,759	8.9%	1.3%	\$116,260	\$166,785	\$154,030	1.0%
SAM'S CLUB US (F2140)	\$8,658,543	\$314,379	\$8,344,164	5.0%	3.6%	\$0	\$0	\$314,379	3.6%
IKEA WHOLESALE, INC. (I1208)	\$3,883,159	\$2,322	\$3,880,837	2.2%	0.1%	\$0	\$0	\$2,322	0.1%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$3,791,811	\$301,168	\$3,490,643	2.2%	7.9%	\$0	\$0	\$301,168	7.9%
WALMART CANADA, INC. (W1026)	\$3,029,926	\$52,175	\$2,977,751	1.7%	1.7%	\$0	\$0	\$52,175	1.7%
BELL NURSERY (B4051)	\$2,624,624	\$7,609	\$2,617,015	1.5%	0.3%	\$0	\$0	\$7,609	0.3%
K-MART CORPORATION (K6180)	\$2,391,964	\$19,754	\$2,372,210	1.4%	0.8%	\$0	\$0	\$19,754	0.8%
RONA CORPORATION (A5146)	\$1,234,683	\$10,058	\$1,224,625	0.7%	0.8%	\$0	\$0	\$10,058	0.8%
TOTAL TOP 10 SALES FOR 6 M/E 06/30/09	\$156,111,519	\$3,522,556	\$152,588,963	89.5%	2.3%	\$10,318,119	\$166,785	\$13,673,889	8.8%
ALL OTHERS	\$18,386,177								
TOTAL SALES FOR 6 M/E 06/30/09	\$174,497,696								

Sales to the top ten (10) customers accounted for 89.5% of total sales for the six months ending June 30, 2009, as compared to the fiscal period ended December 31, 2008 at 80.7% and fiscal period ended December 31, 2007 at 88.7%. Lowes, Wal-Mart and Home Depot continue to dominate the sales and have been the dominant customers over the last three years. Lowes accounts for approximately 50.4% of the total sales through June 30, 2009, compared to 46.2% for the prior fiscal year. In the past, the Consultants have expressed that conventional ABL thinking suggests that diversity prevents any one debtor from controlling the borrower's business thus eliminating both the credit and economic risks that emanate out of such dominance. When addressed to Management, they suggested that HFI and Lowe's share a mutual dependence which would make it difficult for Lowe's to replace it with any other one supplier as a result of its established distribution network, location and size. Consultants are still of the view that the loss of the Lowe's business could deal a severe blow to HFI's viability as a business and therefore suggest that the Lender continue to closely monitor this relationship and its dynamics.

The Company offers an 11.5% Volume Rebate to Lowe's which is currently deducted from the payments that Lowe's makes to HFI. There are written contracts in place with Lowes, as well as Wal-Mart and Home Depot.

HFI provides plants to Home Depot in the State of Florida on a consignment basis whereby Home Depot self-bills by scanning each plant as it is purchased by a customer. The scanning function triggers an invoice by HFI to Home Depot for the plant sales. The exact value of inventory at Home Depot's locations is not able to be quantified, however, the Company maintains a static reserve on the borrowing base of \$900M to accommodate this inventory.

e) Past Due Analysis

Consultants reviewed accounts with past due balances over ninety (90) days as of 6/30/09, the results are as follows:

(\$000's)

Category	Amount	Percent
Subsequent payments	379.5	52.0%
Slow but collectible	556.8	76.3%
Disputes	11.2	1.5%
Write-offs	33.7	4.6%
Total analyzed	981.1	134.5%
Past due credits	501.0	68.7%
Not analyzed	(251.7)	-34.5%
Total Past Due - Including Past Due Credits	228.5	100.0%

The total past due balance per the aging was \$228.5M. The Consultants analyzed a total of \$981.1M in past due balances, however, the Consultants noted past due credits which totaled \$501.0M included in this amount. These credits were included in the ineligible for the

calculation of availability. Of the analyzed past due amounts, Management deemed \$556.8M as slow but collectible. Potential write offs totaled \$33.7M and \$11.2M were disputed amounts. Per Management, there has been \$184.5M written off through June 30, 2009.

The allowance for bad debt was \$393.7M as of 06/30/09.

f) Shipping Test

The Consultants selected Forty Eight (48) invoices totaling \$454.6M or 1.1% of the total A/R as of 06/30/09 to ascertain when the goods were shipped and if the invoices were correctly aged. All documents had the relevant proof of delivery, however, of those received, 37 bills of lading were signed, but not dated. On further examination of these documents, bills from the shipping company were provided and Consultants were able to establish shipping date on 27 invoices. The remaining ten documents were tested using a subsequent payment for establishment of receipt of goods. The Consultants were able to verify subsequent payment on 1 of the ten invoices remaining. It is in the opinion of the Consultants, that the Company should require the shipping department to obtain both signature and date on all shipping documents to ensure this control is complete. The average shipping lag on the selected invoices was 1 day. The Consultants deemed the test results as “needs improvement”.

g) Review of Credit Memorandums

Consultants reviewed twenty three (23) credit memos totaling \$5,895.8M or 39.6% of the \$14,908.9M total credits issued between January and June 2009, the results are as follows:

(\$000's)

Category	# of Credit	Amount	% of Total Tested
Sales Rebate	5	4,946.4	83.90%
Shipped to wrong Customer	2	22.2	0.38%
Contra	7	348.3	5.91%
Return & Damages	3	172.1	2.92%
Foreign Exchange lost	3	46.7	0.79%
Inventory Transfer	1	350.5	5.94%
Freight over Charge	1	6.8	0.12%
Write Off	1	2.8	0.05%
Totals	23	5,895.8	100.0

The company offers volume rebates to its major customers. In addition to the volume rebate, Home Depot's VMI system treats the invoices as inventory transfer until the items are accepted by the stores then the difference between what is accepted by the vendor versus what was invoiced is then credited to the Home Depot account. Home Depot has a policy whereby the consumer can return a plant for refund up to one year subsequent to purchase and a credit is then posted to HFI.

A credit memo lag reserve of \$220M is suggested, as the total credit lag time totaled 52 days. This excluded: rebates already accounted for in dilution and contras calculated using accounts

receivable and accounts payable balances in the ineligible calculation, resulting in an amount of \$601M. The acceptable lag time is 30 days; therefore the excess is 22 days. The amount was calculated as follows:

$$\$601\text{M}/60 \text{ (billing days)} * 22 \text{ (lag days)} = \$220\text{M}$$

h) Verification Results

Consultants attempted to verify balances totaling \$36,658.5M or 91.9% of the total receivable balances from June 30, 2009. At the time of completion of this report, three accounts, Lowe's - \$24,008.7M, Lowe's Garden Vision - \$2,097.7M and Wal-Mart Stores - \$4,295.3M, had been positively verified totaling \$30,401.9M, via online verification on the customer's website. The remaining amounts were pending verification replies as of the publishing of this report.

2. INVENTORY

a) General Overview

While the Company has a perpetual inventory in place for hard goods as of 6/30/09 any implementation of an in house perpetual inventory system for raw materials and plants in the near future is doubtful.

The Company takes physicals twice a year as of 6/30 and 12/31. The mid-year physical for HFI was completed as of 5/31/09 for insurance purposes, the roll-forward to 6/30/09 has been completed and the numbers are being reviewed and compiled and the final results will be completed in late July 2009.

Inventories are valued at the lower of cost or market determined by the first-in, first-out method or market. In evaluating whether inventories are stated at the lower of cost or market Management considers such factors as inventories on hand, estimated time to sell such inventories, and current market conditions.

For this engagement, conducting of test counts was done in two stages. The Consultants based on a list of what farms had in “*non ready*” inventory and specifically where located, counted said inventory prior to the year-end physical. These counts were traced to the actual inventory numbers taken in 5/31/09.

The second stage of the test count was the “*hard goods*” test count was done 7/21/09. Consultants were given perpetual inventory as of 7/20/09 of which test counts were sampled.

Inventory turnover per the consolidating year end financials for the 12 M/E 12/31/08 and 12 M/E 12/31/07 was 151 days and 150 days, respectively. Sales increased in 2008 by 9.7 % while inventory levels went from \$65.5MM in 2007 to \$71.1MM in 2008 an increase of 8.6%.

Inventory turnover per the consolidating internal financials for the 6 M/E 6/30/09 and the 6 M/E 6/30/08 was 86 days and 86 days, respectively. The disparity between the year and inventory turns and the interim turns has to do with the timing of the reports as it pertains to “planting” season when inventory is higher vs reaping season when it is lower. Sales increased in 2009 11.3% while inventory levels went from \$51,067M in 2008 to \$52,995M in 2009 an increase of 3.8%. Included in these numbers are inventory in the Dominican Republic and Costa Rica which is consolidated with HFI. Dominican inventory as of 6/30/09 and 6/30/08 was \$5,365M and \$4,822M, respectively. Costa Rica inventory just recently started and as at 6/30/09 was \$821M. For advance purposes the Dominican Republic and Costa Rica inventories are not included in the borrowing base.

b) Locations

The Company leases or owns 1,327.07 acres of land in Florida, North Carolina and Pennsylvania of which 330.2 acres are owned. The acreage consists of 31 locations. The Company leases 282.50 acres from related parties Tomaco North Side, Point Verda, Floraculture, Cosmi, Strano, Spear Property, Charles Green and Mike Harris and 535.02 acres from unrelated parties.



c) Composition

Harris Farms, Inc is a producer of tropical foliage plants. Harris Color, Harris Carolina and Harris Pennsylvania are producers of a wide range of bedding plants. Bedding and potting plants are numerous consisting of items such as Begonia's, Zinnia, Hibiscus and Evolvulus. Foliage and shrub consists of items such as Norfolk Island Pine, Majesty Palm, Sago Palm and Phalaenopsis.



The breakdown of the inventory by division from the 6/30/09 physical inventory was as follows:

(\$000's)

<u>Farms</u>	<u>Plant</u>	<u>%</u>	<u>Warehouse</u>	<u>%</u>	<u>Raw</u>	<u>%</u>	<u>Combined</u>	<u>%</u>
Harris Farms	\$35,158	86.2	\$5,160	12.8			\$40,317	78.7
Harris Color	1,282	3.1	3,249	36.0	319	66.8	4,850	19.2
Harris - NC	1,203	2.4	1,494	16.7	61	14.1	2,758	1.0
Harris - PA	634	52.9	525	6.1	39	19.1	1,198	1.2
Total	<u>\$38,277</u>	<u>100.0</u>	<u>\$10,428</u>	<u>100.0</u>	<u>\$419</u>	<u>100.0</u>	<u>\$49,124</u>	<u>100.0%</u>

The inventory summary totaled \$55,312M, this includes the Dominican Republic \$5,365M and Costa Rica \$822M and these are both excluded in the borrowing base. The final inventory amounts have not been reconciled to the financials with a variance of \$2.3 million noted the inventory reports higher than financials. Ms. Sanchez explained that the roll-forward is still under review and the number on the financials is yet preliminary. The difference between the financials and the trial balance is less than 5% of total inventory.

d) Test Counts

The Consultants' test count of "non-ready" and "ready" inventory was made on 7/22/09, and 7/24/09. The items selected for the count were from a report that was prepared by HFI indicating what farms had non ready inventory. The test count numbers were then compared to the actual numbers on 5/31/09. The farms visited were Harris Farms, East Farms, 60 Acres, 12 Acres, 10 Acres, 20 Acres 5 Acres Green House and MC Main. The test count was conducted with assistance from HFI. The number of plants counted totaled 2,545.9M versus the actual numbers from the physical of 2,371.8M for a positive variance of 174MM or 7.3 %.

Plants "not ready" are plants that are not fully grown and in most cases are not ready for sale. The growing cycle varies. Harris Color who grows bedding and potting plant cycle takes 3 to 8 weeks to grow depending on the plant. Harris Farms who grows foliage process takes from 6 to 12 months to grow. Plants not ready can be considered work in process but it appears in some cases some not ready plants could be sold before fully grown.

Warehouse materials or "hard goods" consist of pots, trays, soils, chemicals, fertilizers and other items related to the planting and shipment of the finished product along with liners and tray seed, cutting seed, cutting from seed, cutting from liners and trays seed. These items total \$1,006M or 28.3 % of the total hard goods inventory as of 6/30/09.

The hard goods inventory at HFI was used for the test count. The same procedures used for the plant test count applied. Hard goods inventory as of 6/30/08 totaled \$5,160M or 49.5% of the total hard goods outstanding comparatives, the hard goods inventory at HFI was 12.8% of the total inventory at 6/30/09 of \$49,124M.

Twenty items were counted of the pots and trays. Fifteen of the larger amounts per the physical totaled 5,113M pieces versus the test count of 5,441M pieces with a negative variance of 71M

pieces or 1.5 %. These differences were traced to transfer invoices which indicated these goods were sent to various houses for potting or repotting.

Chemicals and fertilizers test count of seven items with the four largest items totaling 494 units resulted in no differences. The remainder had minor differences.

The result of the overall test count by the Consultants was deemed satisfactory as far as the amount on hand was at the time of the audit.

e) Cost Test

The Consultants performed a cost test by selecting eighteen items from the hard goods and ready plant inventory totaling as of 7/24/09 which reflected a variance of -.8%.

f) Gross Profit Test

Consultants selected twelve (17) items from recent customer invoices totaling \$202.1M for the performance of this test. The test resulted in gross profit margins ranging from a low of -1.6% to a high of 75.2%. The average margin was 42.6%. Gross profit per the financial statement was 27.3% and 32.7% at 6/30/08 and 6/30/09, respectively. After deducting the dilution percentage from the accounts receivable roll forward of 7.8% this resulted in gross profit of 34.8%, which is considered satisfactory compared to the financial statement as of 6/30/09.

g) Insurance

Harris Farms, Harris Color, and Harris Bros. all located in Hollywood, Fla. and Harris' location in Palm Beach, Fla. are insured by Lexington Insurance Companies. Expiration date of policy is 5/15/10.

Harris Carolina and Harris Pennsylvania are insured by The Florists' Mutual Insurance Co and has an expiration date of 4/24/09. The policy information was not received before leaving, however, the coverage is monthly based on estimated gross inventory at 80 % of the value stated.

3. ACCOUNTS PAYABLE

a) Comparative Aging Spread

The accounts payable aging was compared by invoice date as of 6/30/09 and 6/30/08:

(\$000's)

Aging	Current Exam		Prior year	
	6/30/09		6/30/08	
1-30	\$(2,022.1)	-51%	\$ 3,467.2	40%
31-60	3,138.8	80%	3,437.5	40%
61-90	1,004.9	26%	1,121.9	13%
Over 90	1,818.3	46%	587.0	7%
Total	\$ 3,939.9	100%	\$ 8,613.6	100%

The accounts payable aging agreed to the trial balance as of 6/30/09.

To reflect the actual accounts payable per the aging, the debit balances were added back to the net book numbers. The total payables outstanding as of 6/30/09 were as follows:

(\$000's)

Debit balances	\$ 7,105
Net Aging	<u>3,939</u>
Total A/P – Aging	\$11,045

HFI makes advance payments to strategic vendors to guarantee availability of product or to receive additional discounts. Between January and June 2009, advances totaled \$6,441M.

The debit balances represent advance payments made to vendors that will be ultimately offset against future purchases.

There are accruals of \$13 million on the 6/30/09 preliminary financials which represent unrecorded payables for merchandise received by HFI, not yet in A/P. Total accruals and A/P per the 6/30/09 preliminary financial statement was \$27,333M. A list of the accruals is included in Consultants' workpapers for review.

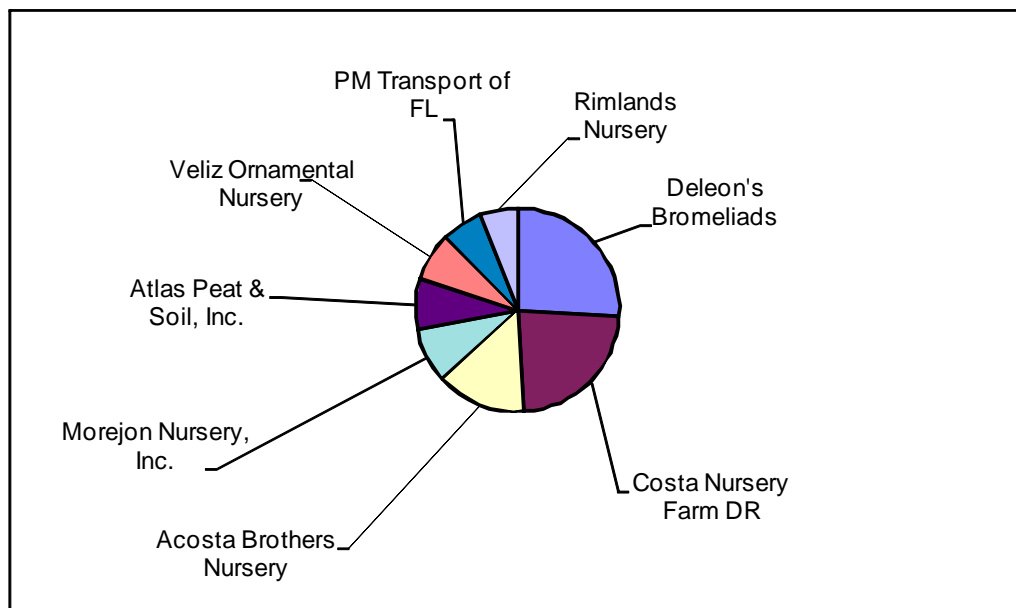
b.) A/P Concentration

As of 6/30/09 ten (10) largest vendor accounts made up \$4,096.3M or 37.1% of the total outstanding A/P and accruals of \$11,045M. The A/P concentration accounts were as follows:

VENDOR NAME	VENDOR NUMBER	SUBSEQUENT PAYMENTS	TERMS	%	TOTAL	1-30	31-60	61-90	Over 90	
Deleon's Bromeliads	01-D6028	\$121.7	30 days	8.7%	\$957.8	\$442.1	\$467.0	\$38.5	\$10.3	
Costa Nursery Farm DR	01&02-CNF10	\$0.0	30 days	7.6%	\$838.7	(\$1.2)	\$228.4	\$163.9	\$447.6	I-co
Acosta Brothers Nursery	01-A1600	\$110.0	30 days	4.8%	\$527.9	\$7.1	\$334.2	\$110.0	\$76.5	
Morejon Nursery, Inc.	01-C7286	\$65.3	30 days	2.9%	\$319.8	\$102.5	\$217.3	\$0.0	\$0.0	
Atlas Peat & Soil, Inc.	01-A7300	\$203.8	30 days	2.6%	\$288.4	\$288.4	\$0.0	\$0.0	\$0.0	
Veliz Ornamental Nursery	01-I1938	\$51.2	30 days	2.6%	\$283.0	\$231.8	\$51.2	\$0.0	\$0.0	
PM Transport of FL	01-P1010	\$0.0	30 days	2.1%	\$236.5	(\$490.7)	\$0.0	\$128.5	\$598.7	I-co
Rimlands Nursery	01-R0111	\$105.7	30 days	2.0%	\$221.0	\$213.9	\$7.1	\$0.0	\$0.0	
Midwest Coast Logistics, LLC	01-M4876	\$494.7	30 days	2.0%	\$218.3	(\$32.8)	\$150.2	\$100.9	\$0.0	
JA's Nursery of Dade, Inc.	01-J8274	\$148.3	30 days	1.9%	\$204.9	(\$139.2)	\$276.7	\$67.4	\$0.0	
TOTAL		\$1,300.7		37.1%	\$4,096.3	\$621.9	\$1,732.1	\$609.2	\$1,133.1	

PM Transport of Florida is the major shipper for Harris Farms and Harris Color. The Company is under common ownership of Harris Farms, Inc.

With the exception of Harris Farm Dominican Republic and PM Transport which are both HFI captives, the accounts payable are performing well. Days Payable Outstanding (“DPO”) for the 6 months ended 6/30/09 was 44 days versus 46 days in 2008.



c.) Vendor's Invoice Testing

Consultants' vendors invoice review of 20 items totaled \$857M or 21.8 % of the aging balance as of 6/30/09. All invoices were aged properly. The terms of sale are 7 and 15 days for transport, with trade terms of 30, net 30 and net 60 days.

d.) A/P Purchase Concentration

The top five (5) concentrations by purchases for the six (6) months to 6/30/09 were as follows:

(000's)

<u>Vendor ID</u>		<u>Vendor Name</u>		
01-F8666	CNF	FLORIKAN ESA CORPORATION	\$	5,144
01-H3434	CNF	HERMANN ENGELMANN GREENHOUSES, INC.	\$	4,820
01-D6028	CNF	DELEON'S BROMELIADS	\$	2,908
01-A7300	CNF	ATLAS PEAT & SOIL INC.	\$	2,325
02-E2243	COLOR	EAST JORDAN PLASTICS INC	\$	1,573

4. NOTES PAYABLES

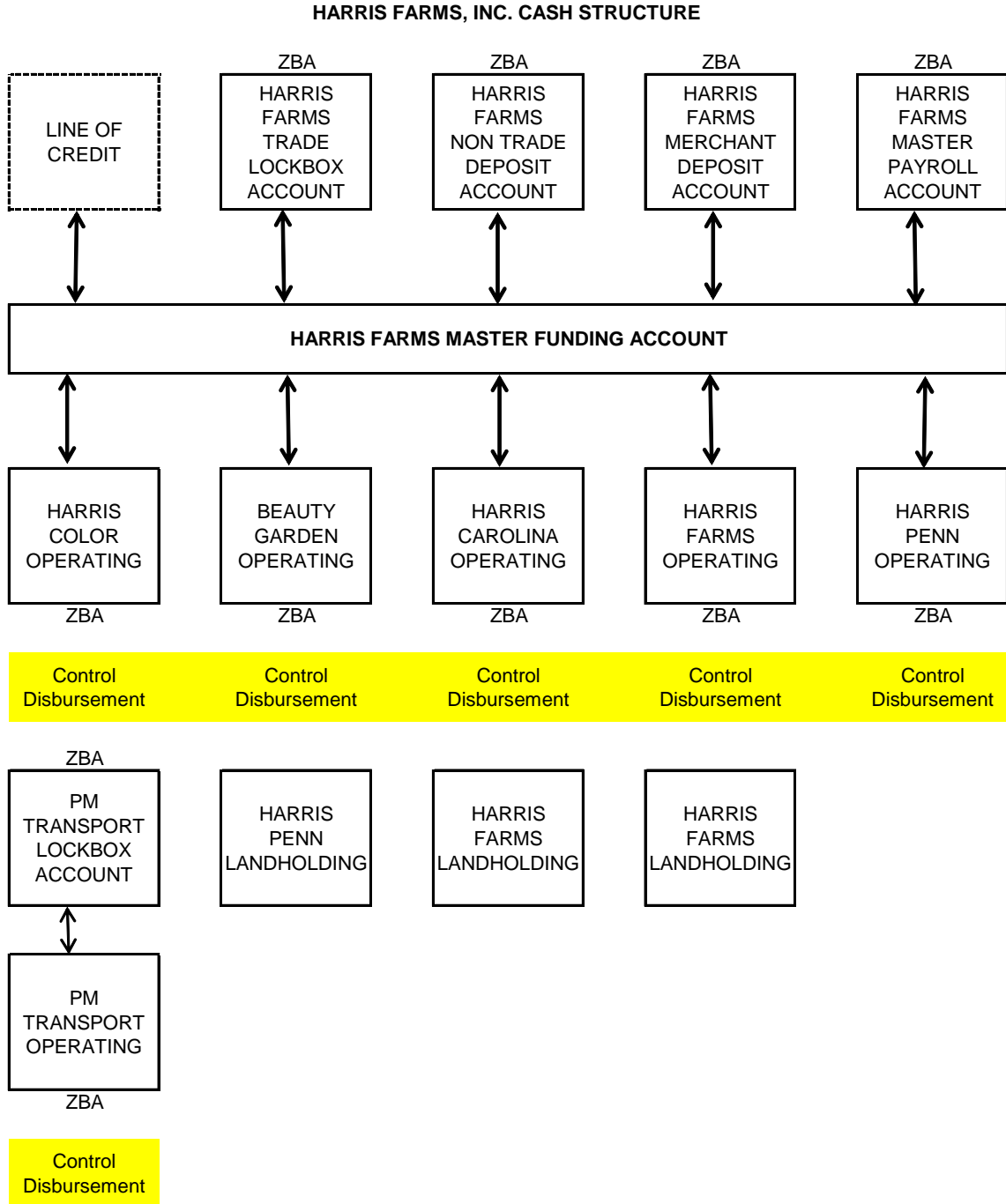
As of 6/30/09, the company's long term debts and capital leases totaled \$54,544M including the revolver balance of \$10,589M.

5. CASH AND TAXES**1. Cash**

The Company maintains the following accounts: Line of Credit, Lockbox, Merchant, Master Payroll, Master Funding, and for each division an operating and controlled disbursement account.

All accounts receivable collections are deposited into the lockbox account and credit card payments to the merchant account and are automatically transferred into the master funding account. Funds are transferred from the master funding into the line of credit, the payroll and the operating accounts as needed. Individual operating account is utilized for wire disbursements and to fund the control disbursement accounts. The control disbursement accounts are utilized for check disbursements.

Cash diagram



Cash receipts and cash disbursements were reviewed from January through June 2009. The review of cash receipts revealed that all receivable cash collections were deposited into the lockbox account. Cash disbursements were reviewed by examining cancelled checks and no unusual activities were noted.

2. TAXES

The Company utilizes the payroll services of ADP which is responsible for the payroll tax filings. Payroll taxes were reviewed and verified against the bank statement for the fourth quarter in 2008 and the first quarter 2009. Additionally, payroll tax payments for April and May were traced to the bank statements. Payroll taxes appear to be current.

Sales taxes were reviewed, with the following noted:

Florida Sales Tax Returns for March, April and May 2009 all had penalty noted against them. The returns for June 2009 were due on July 20th 2009 and were not filed as of the date of the examination.

Harris Carolina Sales Tax Returns, only March 2009 was available for review. The returns for June 2009 had not been filed at the time of this examination.

Harris Pennsylvania Sales Tax Returns for May and June 2009 were not available for review. The returns for February, March and April were reviewed and although they had a zero dollar tax, were not filed on a timely manner.

Harris Farms and its affiliates are Sub-Chapter "S" Corporations and therefore all net income or losses are passed through to the shareholders.

CONSULTANTS MAKE NO RECOMMENDATIONS AS TO LOAN DECISIONS MADE WITH THIS COMPANY. WHILE IT IS UNDERSTOOD THAT THIS REPORT WILL BE USED TO ASSIST THE LENDING INSTITUTION IN REACHING LENDING DECISIONS, IT IS NOT TO BE RELIED UPON ENTIRELY AND IT IS INCUMBENT UPON THE LENDER TO PERFORM ADDITIONAL INVESTIGATIONS REGARDING THE CREDIT WORTHINESS OF THIS COMPANY. INFORMATION CONTAINED HEREIN WAS DERIVED FROM THE BOOKS AND RECORDS OF THIS COMPANY AS OF THE DATES STATED THROUGHOUT THIS REPORT.

**RESPECTFULLY SUBMITTED,
ASSET BASED LENDING CONSULTANTS, INC.**



Asset Based Lending Consultants, Inc.
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Hollywood, Florida 33024
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800-861-5711
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FIELD EXAMINATION REPORT

PREPARED FOR:

Lender: New Bank
Address:
Contact: Don Clarke
Telephone:
don.clarke@ablc.net

BORROWER/PROSPECT: Harris Farms, Inc.

Address:
Hollywood, Florida, 33170
Contact: Martin Harris
Telephone:

TYPE OF BUSINESS:

Audit Date: 06/30/09
Started: 07/16/09
Completed: 07/30/09 Field work 07/27/09

Examiner(s): David Robertson (lead), Curtis Williams, Patricia Goldson, Olga Melo

SCOPE OF EXAMINATION: Please refer to narrative.

AVAILABILITY

	PER COMPANY			PER CONSULTANT			
	06/30/09	MASS MKT A/R	OTHER A/R	TOTALS	MASS MKT A/R	OTHER A/R	TOTALS
COSTCO				\$0.0	\$491.1		\$ 491.1
COSTCO CANADA		\$0.0		\$0.0	\$0.0		\$ -
HOME DEPOT		\$1,800.3		\$1,800.3	\$1,800.3		\$ 1,800.3
HOME DEPOT CANADA				\$0.0	\$0.3		\$ 0.3
RONA CORPORATION				\$0.0	\$587.3		\$ 587.3
LOWE'S COMPANIES		\$24,008.7		\$24,008.7	\$24,008.7		\$ 24,008.7
LOWE'S GARDEN VISION		\$2,097.8		\$2,097.8	\$2,097.8		\$ 2,097.8
WALMART		\$4,364.0		\$4,364.0	\$4,364.0		\$ 4,364.0
WALMART CANADA		\$842.4		\$842.4	\$842.4		\$ 842.4
SAM'S WAREHOUSE		\$0.0		\$0.0	\$0.0		\$ (0.0)
BJ'S WHOLESALE		\$49.9		\$49.9	\$49.9		\$ 49.9
KMART CORPORATION		\$897.8		\$897.8	\$897.8		\$ 897.8
IKEA WHOLESALE INC.		\$646.3		\$646.3			\$ -
Other A/R		\$	\$ 8,415.9	\$8,415.9	\$	\$ 4,769.0	\$ 4,769.0
Accrued Sales posted (1)				\$0.0	\$	\$ 3,214.4	\$ 3,214.4
GROSS RECEIVABLES - AS OF:	6/30/09	\$ 34,707.3	\$ 8,415.9	\$ 43,123.1	\$ 35,139.6	\$ 7,983.4	\$ 43,123.1
LESS INELIGIBLES: AS OF	6/30/09						
OVER 90 DAYS PAST DUE			\$ 182.3	\$ 182.3	\$ (150.2)	\$ 333.8	\$ 183.6
25% CROSS AGING		\$ -	\$ 276.2	\$ 276.2	\$ -	\$ 252.7	\$ 252.7
PAST DUE CREDITS		\$ -			\$ 201.3	\$ 299.7	\$ 501.0
FOREIGN RECEIVABLES		\$ 62.7		\$ 62.7	\$ -	\$ 51.4	\$ 51.4
AFFILIATE RECEIVABLES		\$ 14.9		\$ 14.9	\$ -	\$ 63.4	\$ 63.4
CONTRA ACCOUNTS					\$ -	\$ 176.0	\$ 176.0
PREPAID & COD					\$ -	\$ 41.5	\$ 41.5
CREDIT MEMO LAG					\$ -	\$ 220.0	\$ 220.0
SALES REBATE (2)							
LOWE'S REBATE	10.30%	\$2,163.7		\$ 2,163.7	\$ 2,482.8		\$ 2,482.8
COSTCO COS.	7.90%				\$ 38.8		\$ 38.8
SAM'S CLUB	3.60%				\$ -		\$ -
TOTAL INELIGIBLES		\$ 2,241.2	\$ 458.5	\$ 2,699.8	\$ 2,572.7	\$ 1,438.4	\$ 4,011.0
ELIGIBLE RECEIVABLES		\$ 32,466.0	\$ 7,957.3	\$ 40,423.3	\$ 32,567.0	\$ 6,545.1	\$ 39,112.1
ADVANCE RATE		90%	85%		90%	85%	
AVAILABLE A/R		\$ 29,219.4	\$ 6,763.7	\$ 35,983.1	\$ 29,310.3	\$ 5,563.3	\$ 34,873.6
GROSS INVENTORY	6/30/09			\$42,800.0			\$ 42,800.0
LESS INELIGIBLES							
OFF-SITE LOCATION				\$ 901.7			\$ 901.7
SUPPLIES				\$ 900.0			\$ 900.0
OTHER: (HD CONSIGN)				\$ 1,801.7			\$ 1,801.7
TOTAL INELIGIBLES				\$ 4,004.3			\$ 4,004.3
ELIGIBLE INVENTORY				\$ 40,998.3			\$ 40,998.3
INVENTORY ADVANCE RATE							
INVENTORY CAP	50%	\$25,000.0					
AVAILABLE INVENTORY				\$ 20,499.2			\$ 20,499.2
TOTAL AVAILABILITY				\$ 50,000.0			\$ 50,000.0
LESS:							
OUTSTANDING REVOLVER				\$ 10,589.3			\$ 10,589.3
LETTER OF CREDIT				\$ 3,725.0			\$ 3,725.0
TRADE ACCEPTANCE							
OTHER							
SURPLUS (DEFICIT) AVAILABILITY				\$ 35,685.7			\$ 35,685.7

Notes to Availability Calculations

(1) Accrued sales posted 07/09 represent sales made on 06/30/09 and not posted to A/R until 07/01/09. This was the reconciling difference between the A/R balance per the aging and the balance per the BBC.

(2) A 90% advance is made against accounts designated as Mass Market accounts (based on sales volume). These include Lowes, Costco and SAMS Club which has current dilution rates of 13.7%, 7.9% and 3.6%, respectively. The Consultants are suggesting dilution reserves on all balances under 90 days from these 3 accounts as follows:

Lowes 10.3%
 Costco 7.9%
 SAMS Club 3.6%

Under the agreement with the current lender, the reserve rebate for Lowes is decreased by 25%. Were this to be continued, the reserve would be 10.3% This is calculated as follows: reserve rebate = 13.7%, Lowe's pays in 45 days deducting the rebates therefore applied rebate reserves = 13.7% x 75% (45 days taken) = 10.3%.

The 90% advance leaves a 10% cushion to cover further erosion and projected expenses in a liquidation scenario.

3) The difference between the calculation of availability per the BBC and the Consultant due primarily to the inclusion of past due credits by the Consultants which the Company did not include in their calculations.

Harris Farms Inc.

MASS MARKET AGING SPREAD

CUSTOMERS		CURRENT	31-60 DAYS	61-90 DAYS	>90 DAYS	BALANCE	CROSS AGING @ 25%	DILUTION RESERVE	
B9798	COSTCO COMPANIES	\$456.5	\$61.6	\$3.4	(\$30.3)	\$491.1	-6.2%	\$39	
C9800	COSTCO WHOLESAL, CA					\$0.0		\$0.0	
C8367	THE HOME DEPOT	\$1,148.0	\$661.5	\$3.6	(\$12.9)	\$1,800.3	-0.7%		
D1101	HOME DEPOT CANADA	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3	100.0%	\$0.0	
C9408	LOWE'S CORPORATE	\$9,908.8	\$14,161.3	\$34.4	(\$95.8)	\$24,008.7	-0.4%	\$2,483	
GV-L2758	LOWE'S GARDEN VISION	\$895.2	\$1,202.6	\$0.0	\$0.0	\$2,097.8	0.0%		
E5420	SAM'S WHOLESAL	\$0.0	\$0.0	\$0.0	(\$0.0)	(\$0.0)	100.0%	\$0.0	
F2140	WALMART STORES	\$2,450.2	\$1,945.9	(\$6.8)	(\$25.2)	\$4,364.0	-0.6%		
W1026	WALMART CANADA,	\$505.5	\$358.3	\$0.2	(\$21.7)	\$842.4	-2.6%		
K6180	K-MART	\$43.3	\$340.0	\$530.1	(\$15.5)	\$897.8	-1.7%		
B7400	BJ'S WHOLESAL	\$49.3		\$0.2	\$0.4	\$49.9	0.9%		
A5146	RONA CORPORATION	\$260.2	\$220.4	\$56.4	\$50.4	\$587.3	8.6%	\$0.0	
TOTALS		\$15,717	\$18,951	\$621	-\$150	\$35,140		\$0	\$2,522

ACCOUNTS RECEIVABLE STATISTICS

MONTH	BOM BALANCE	GROSS SALES	Gross AR Cash	Hurricane Proceeds	Total Cash RECEIPTS	RETURNS & ALLOW.	Lowe's REBATES	OTHER DIL. CR.	TOTAL DILUTION	DILUTION %	TURNOVER
Jul-07	\$31,093.7	\$15,270	\$26,528.0	\$0.0	\$25,540.0	\$121	\$988.0	\$0.0	\$1,109.0	7.3%	37
Aug-07	\$19,714.7	\$14,082	\$15,293	\$0.0	\$14,540	\$370	\$753	\$0.0	\$1,123.0	8.0%	41
Oct-07	\$18,133.7	\$12,239	\$11,750	\$0.0	\$11,098	\$252	\$652	\$0.0	\$904.0	7.4%	49
Oct-07	\$18,370.7	\$13,062	\$12,719	\$0.0	\$11,980	\$332	\$739	\$0.0	\$1,071.0	8.2%	46
Nov-07	\$18,381.7	\$20,565	\$12,530	\$0.0	\$11,711	\$490	\$819	\$0.0	\$1,309.0	6.4%	47
Dec-07	\$25,926.7	\$14,760	\$20,073	\$0.0	\$18,227	\$373	\$1,846	\$0.0	\$2,219.0	15.0%	43
Jan-08	\$20,294.0	\$13,672	\$12,486	\$0.0	\$11,929	\$374	\$557	\$0.0	\$931.0	6.8%	51
Feb-08	\$21,106.0	\$17,164	\$10,390	\$0.0	\$9,854	\$403	\$536	\$0.0	\$939.0	5.5%	64
Mar-08	\$27,477.0	\$28,201	\$18,083	\$0.0	\$16,533	\$502	\$1,550	\$0.0	\$2,052.0	7.3%	50
Apr-08	\$37,093.0	\$40,528	\$19,935	\$0.0	\$19,141	\$761	\$794	\$0.0	\$1,555.0	3.8%	58
May-08	\$56,925.0	\$39,021	\$30,021	\$0.0	\$28,195	\$999	\$1,826	\$0.0	\$2,825.0	7.2%	61
Jun-08	\$64,926.0	\$19,696	\$43,007	\$8,000	\$48,553	\$1,013	\$2,454	\$0.0	\$3,467.0	17.6%	40
TOTAL	\$359,442.2	\$248,260.0	\$232,815.0	\$8,000.0	\$227,301.0	\$5,990.0	\$13,514.0	\$0.0	\$19,504.0	7.9%	47

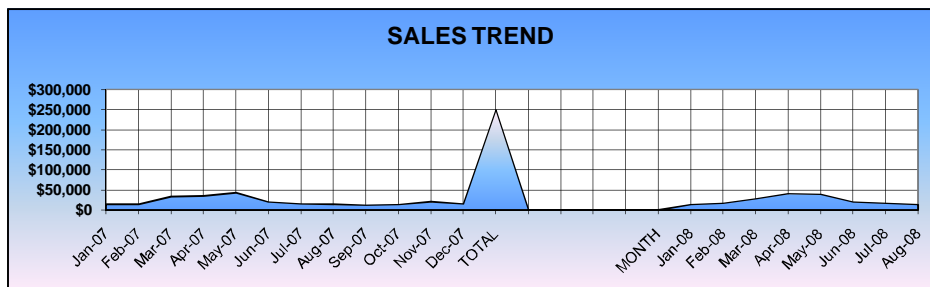
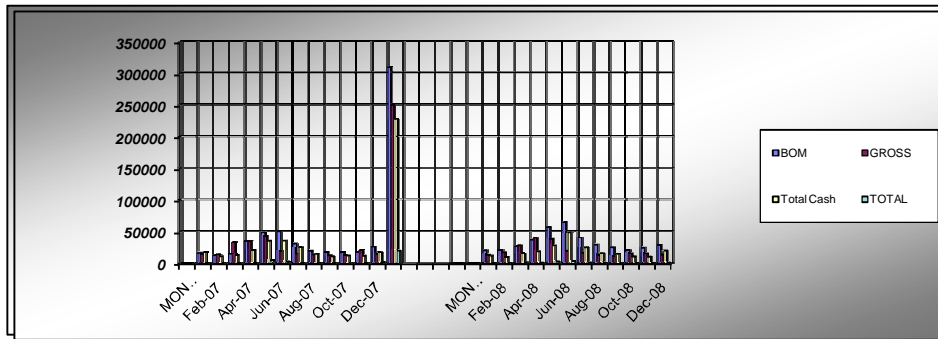
MONTH	BOM BALANCE	GROSS SALES	Gross AR Cash	Hurricane Proceeds	CASH RECEIPTS	RETURNS & ALLOW.	Lowe's REBATES	NON DIL CREDITS	TOTAL DILUTION	DILUTION %	TURNOVER
Jul-08	\$40,602.0	\$16,482	\$26,315	\$0.0	\$25,381	\$808	\$934	\$0.0	\$1,742	10.6%	48
Aug-08	\$29,961.0	\$13,232	\$17,231	\$0.0	\$16,235	\$567	\$996	\$0.0	\$1,563	11.8%	55
Sep-08	\$25,395.0	\$11,262	\$15,345	\$0.0	\$14,752	\$471	\$593	\$0.0	\$1,064	9.4%	52
Oct-08	\$20,841.0	\$15,919	\$11,700	\$0.0	\$10,802	\$250	\$898	\$0.0	\$1,148	7.2%	58
Nov-08	\$24,810.0	\$15,895	\$10,977	\$0.0	\$10,699	\$296	\$278	\$0.0	\$574	3.6%	70
Dec-08	\$29,432.0	\$13,965	\$21,476	\$0.0	\$20,066	\$212	\$1,410	\$0.0	\$1,622	11.6%	44
Jan-09	\$21,709.0	\$14,758	\$10,856	\$0.0	\$10,841	\$519	\$15	\$0.0	\$534	3.6%	60
Feb-09	\$25,092.3	\$15,340	\$10,976	\$0.0	\$10,114	\$303	\$862	\$0.0	\$1,165	7.6%	74
Mar-09	\$29,153.7	\$32,717	\$18,163	\$0.0	\$17,187	\$489	\$976	\$0.0	\$1,465	4.5%	51
Apr-09	\$43,218.7	\$48,643	\$21,391	\$0.0	\$19,734	\$647	\$1,657	\$0.0	\$2,304	4.7%	66
May-09	\$69,823.5	\$45,664	\$36,868	\$0.0	\$34,515	\$1,941	\$2,353	\$0.0	\$4,294	9.4%	61
Jun-09	\$76,678.4	\$19,943	\$52,903	\$0.0	\$50,522	\$595	\$2,381	\$0.0	\$2,976	14.9%	46
TOTAL	\$436,716.6	\$263,820.6	\$254,201.0	\$0.0	\$240,848.0	\$7,097.7	\$13,353.0	\$0.0	\$20,450.7	7.8%	54



ACCOUNTS RECEIVABLE STATISTICS

MONTH	BOM BALANCE	GROSS SALES	Gross AR Cash	Hurricane Proceeds	Total Cash RECEIPTS	RETURNS & ALLOW.	Lowe's REBATES	OTHER DIL. CR.	TOTAL DILUTION	DILUTION %	TURNOVER
Jan-07	\$16,727.7	\$14,396	\$17,774.0	\$0.0	\$17,774.0	\$845	\$0.0	\$399.0	\$1,244.0	8.6%	28
Feb-07	\$12,504.7	\$14,190	\$11,042.0	\$0.0	\$11,042.0	\$842	\$0.0	\$502.0	\$1,344.0	9.5%	34
Mar-07	\$14,810.7	\$33,648	\$13,230.0	\$0.0	\$13,230.0	\$480	\$0.0	\$12.0	\$492.0	1.5%	34
Apr-07	\$34,748.7	\$35,278	\$20,755.0	\$0.0	\$20,755.0	\$727	\$0.0	\$154.0	\$881.0	2.5%	50
May-07	\$48,544.7	\$43,242	\$40,342.0	\$0.0	\$35,957.0	\$923	\$4,385.0	\$0.0	\$5,308.0	12.3%	41
Jun-07	\$50,521.7	\$19,442	\$38,307.0	\$0.0	\$36,020.0	\$563	\$2,287.0	\$0.0	\$2,850.0	14.7%	42
Jul-07	\$31,093.7	\$15,270	\$26,528.0	\$0.0	\$25,540.0	\$121	\$988.0	\$0.0	\$1,109.0	7.3%	37
Aug-07	\$19,714.7	\$14,082	\$15,293	\$0.0	\$14,540	\$370	\$753	\$0.0	\$1,123.0	8.0%	41
Sep-07	\$18,133.7	\$12,239	\$11,750	\$0.0	\$11,098	\$252	\$652	\$0.0	\$904.0	7.4%	49
Oct-07	\$18,370.7	\$13,062	\$12,719	\$0.0	\$11,980	\$332	\$739	\$0.0	\$1,071.0	8.2%	46
Nov-07	\$18,381.7	\$20,565	\$12,530	\$0.0	\$11,711	\$490	\$819	\$0.0	\$1,309.0	6.4%	47
Dec-07	\$25,926.7	\$14,760	\$20,073	\$0.0	\$18,227	\$373	\$1,846	\$0.0	\$2,219.0	15.0%	43
TOTAL	\$309,479.4	\$250,174.0	\$240,343.0	\$0.0	\$227,874.0	\$6,318.0	\$12,469.0	\$1,067.0	\$19,854.0	7.9%	41

MONTH	BOM BALANCE	GROSS SALES	Gross AR Cash	Hurricane Proceeds	CASH RECEIPTS	RETURNS & ALLOW.	Lowe's REBATES	NON DIL CREDITS	TOTAL DILUTION	DILUTION %	TURNOVER
Jan-08	\$20,294.0	\$ 13,672	\$ 12,486	\$ -	\$ 11,929	\$ 374	\$ 557	\$0.0	\$ 931	6.8%	51
Feb-08	\$21,106.0	\$ 17,164	\$ 10,390	\$ -	\$ 9,854	\$ 403	\$ 536	\$0.0	\$ 939	5.5%	64
Mar-08	\$27,477.0	\$ 28,201	\$ 18,083	\$ -	\$ 16,533	\$ 502	\$ 1,550	\$0.0	\$ 2,052	7.3%	50
Apr-08	\$37,093.0	\$ 40,528	\$ 19,935	\$ -	\$ 19,141	\$ 761	\$ 794	\$0.0	\$ 1,555	3.8%	58
May-08	\$56,925.0	\$ 39,021	\$ 30,021	\$ -	\$ 28,195	\$ 999	\$ 1,826	\$0.0	\$ 2,825	7.2%	61
Jun-08	\$64,926.0	\$ 19,696	\$ 43,007	\$ 8,000	\$ 48,553	\$ 1,013	\$ 2,454	\$0.0	\$ 3,467	17.6%	40
Jul-08	\$40,602.0	\$ 16,482	\$ 26,315	\$ -	\$ 25,381	\$ 808	\$ 934	\$0.0	\$ 1,742	10.6%	48
Aug-08	\$29,961.0	\$ 13,232	\$ 17,231	\$ -	\$ 16,235	\$ 567	\$ 996	\$0.0	\$ 1,563	11.8%	55
Sep-08	\$25,395.0	\$ 11,262	\$ 15,345	\$ -	\$ 14,752	\$ 471	\$ 593	\$0.0	\$ 1,064	9.4%	52
Oct-08	\$20,841.0	\$ 15,919	\$ 11,700	\$ -	\$ 10,802	\$ 250	\$ 898	\$0.0	\$ 1,148	7.2%	58
Nov-08	\$24,810.0	\$ 15,895	\$ 10,977	\$ -	\$ 10,699	\$ 296	\$ 278	\$0.0	\$ 574	3.6%	70
Dec-08	\$29,432.0	\$ 13,965	\$ 21,476	\$ -	\$ 20,066	\$ 212	\$ 1,410	\$0.0	\$ 1,622	11.6%	44
TOTAL	\$398,862.0	\$245,037.0	\$236,966.0	\$8,000.0	\$232,140.0	\$6,656.0	\$12,826.0	\$0.0	\$19,482.0	8.0%	52



2009

MONTH ENDING	A/R BALANCE	INVENTORY AVAILABILITY	INVENTORY BALANCE	INVENTORY AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
1/31/2009	25,092	19,234	54198	25000	44,234	34589.26	4320	38,909	5,324	49.4%	50.6%	88.0%
2/28/2009	24,911	22,155	56000	25000	47,155	36589.26	2975	39,564	7,591	56.0%	44.0%	83.9%
3/31/2009	43,220	34,636	54800	25000	59,636	34589.26	2975	37,564	12,436	92.2%	7.8%	79.1%
4/30/2009	69,823	60,133	54800	25000	85,133	43589.26	3725	47,314	2,686	100.0%	0.0%	96.8%
5/31/2009	76,678	72,468	54800	25000	97,468	34089.26	3725	37,814	12,186	100.0%	0.0%	87.5%
6/30/2009	43,123	40,423	42800	20499	60,923	10589.26	3725	14,314	35,686	100.0%	0.0%	41.4%

2007 - 2008

MONTH ENDING	A/R BALANCE	INVENTORY AVAILABILITY	INVENTORY BALANCE	INVENTORY AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
11/30/2007	28,331	21,784	49,165	25,000	46,784	33,100	3,320	36,420	10,364	59.8%	40.2%	77.8%
12/31/2007	20,737	14,983	50,713	25,000	39,983	33,100	3,320	36,420	3,563	41.1%	58.9%	91.1%
1/31/2008	21,288	15,991	50,713	25,000	40,991	34,100	3,320	37,420	3,571	42.7%	57.3%	91.3%
2/29/2008	28,225	21,973	52,515	25,000	46,973	35,600	3,320	38,920	8,053	56.5%	43.5%	82.9%
3/31/2008	39,388	30,948	52,515	19,052	50,000	39,100	3,320	42,420	7,580	73.0%	27.0%	84.8%
4/30/2008	63,825	50,000	50,713	-	50,000	45,950	3,320	49,270	730	100.0%	0.0%	98.5%
5/31/2008	58,292	46,936	50,713	3,064	50,000	32,089	3,320	35,409	14,591	100.0%	0.0%	70.8%
6/30/2008	41,733	32,447	52,515	17,553	50,000	15,089	4,320	19,409	30,591	100.0%	0.0%	38.8%
7/31/2008	29,373	20,979	46,273	22,686	43,665	7,089	4,320	11,409	32,256	100.0%	0.0%	26.1%
8/31/2008	26,669	18,952	46,273	22,686	41,637	7,589	4,320	11,909	29,728	100.0%	0.0%	28.6%
9/30/2008	21,311	15,370	46,273	22,686	38,055	13,089	4,320	17,409	20,646	88.3%	11.7%	45.7%
10/31/2008	25,208	19,314	46,273	22,686	42,000	23,589	4,320	27,909	14,091	69.2%	30.8%	66.5%
11/30/2008	26,674	20,607	46,273	22,686	43,293	28,089	4,320	32,409	10,883	63.6%	36.4%	74.9%
12/31/2008	22,038	16,619	54,198	25,000	41,619	28,589	2,975	31,564	10,054	52.7%	47.3%	75.8%

October 2007 - Adjusted to reflect audit findings

MONTH ENDING	A/R BALANCE	INVENTORY AVAILABILITY	INVENTORY BALANCE	INVENTORY AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
10/31/2008	25,208	18898.9	46,273	22,686	41,585	23,589	4,320	27,909	13,675	67.7%	32.3%	67.1%

2006 - 2007

MONTH ENDING	A/R BALANCE	INVENTORY AVAILABILITY	INVENTORY BALANCE	INVENTORY AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
11/30/2006	25,012	21,320	40,605	19,852	40,000	30,700	2,870	33,570	6,430	63.5%	36.5%	83.9%
12/31/2006	24,317	20,950	40,605	19,852	40,000	28,700	2,870	31,570	8,430	66.4%	33.6%	78.9%
1/31/2007	19,031	16,527	48,605	23,853	40,000	34,700	2,870	37,570	2,430	44.0%	56.0%	93.9%
2/28/2007	21,262	18,122	52,515	25,000	40,000	33,700	2,870	36,570	3,430	49.6%	50.4%	91.4%
3/31/2007	32,350	27,597	52,515	25,000	40,000	34,700	2,870	37,570	2,430	73.5%	26.5%	93.9%
4/30/2007	49,699	43,650	52,515	25,000	50,000	41,200	3,320	44,520	5,480	98.0%	2.0%	89.0%
5/31/2007	50,805	44,396	52,284	20,000	50,000	36,200	3,320	39,520	10,480	100.0%	0.0%	79.0%
6/30/2007	35,134	29,507	52,284	20,000	49,507	23,200	3,320	26,520	22,987	100.0%	0.0%	53.6%
7/31/2007	20,749	16,564	49,165	20,000	36,564	18,500	3,320	21,820	14,744	75.9%	24.1%	59.7%
8/31/2007	20,094	15,222	48,263	20,000	35,222	19,500	3,320	22,820	12,402	66.7%	33.3%	64.8%
9/30/2007	21,628	13,567	49,165	20,000	33,567	22,500	3,320	25,820	7,747	52.5%	47.5%	76.9%
10/31/2007	21,435	15,185	49,165	20,000	35,185	27,600	3,320	30,920	4,265	49.1%	50.9%	87.9%

Comparative Loan reliance 6/30/09, 6/30/08 & 6/30/07

MONTH ENDING	A/R BALANCE	INVENTORY AVAILABILITY	INVENTORY BALANCE	INVENTORY AVAILABILITY	TOTAL AVAILABLE	LOAN BALANCE	L/C	TOTAL O/S	NET AVAILABLE	AR LOAN RELIANCE	INV. LOAN RELIANCE	TOTAL LOAN RELIANCE
6/30/2007	35,134	29,507	52,284	20,000	49,507	23,200	3,320	26,520	22,987	100.0%	0.0%	53.6%
6/30/2008	41,733	32,447	52,515	17,553	50,000	15,089	4,320	19,409	30,591	100.0%	0.0%	38.8%
6/30/2009	43,123	40,423	42,800	20,499	60,923	10,589	3725	14,314	35,686	100.0%	0.0%	41.4%

SALES CONSOLIDATION

MONTHS	HCI			ALL OTHER DIVISIONS			CONSOLIDATED		
	GROSS SALES	CREDIT MEMOS	NET SALES	GROSS SALES	CREDIT MEMOS	NET SALES	GROSS SALES	CREDIT MEMOS	NET SALES
Jul-07	\$570	\$ -	\$570	\$13,712	\$121	\$13,591	\$14,282	\$121	\$14,161
Aug-07	\$610	\$ -	\$610	\$12,874	\$526	\$12,348	\$13,484	\$526	\$12,958
Sep-07	\$541	\$ -	\$541	\$11,048	\$254	\$10,794	\$11,589	\$254	\$11,335
Oct-07	\$602	\$ -	\$602	\$13,601	\$2,302	\$11,299	\$14,203	\$2,302	\$11,901
Nov-07	\$582	\$ -	\$582	\$18,976	\$301	\$18,675	\$19,558	\$301	\$19,256
Dec-07	\$517	\$ -	\$517	\$11,991	-\$32	\$12,023	\$12,508	-\$32	\$12,540
Jan-08	\$605	\$ -	\$605	\$13,502	\$822	\$12,680	\$14,107	\$822	\$13,285
Feb-08	\$651	\$ -	\$651	\$16,738	\$804	\$15,934	\$17,388	\$804	\$16,584
Mar-08	\$1,146	\$ -	\$1,146	\$27,037	\$741	\$26,297	\$28,183	\$741	\$27,443
Apr-08	\$1,547	\$ -	\$1,547	\$39,539	\$1,674	\$37,864	\$41,085	\$1,674	\$39,411
May-08	\$1,396	\$ -	\$1,396	\$37,800	\$1,367	\$36,433	\$39,196	\$1,367	\$37,828
Jun-08	\$963	\$ -	\$963	\$18,979	\$1,266	\$17,713	\$19,942	\$1,266	\$18,676
TOTALS	\$9,729	\$0	\$9,729	\$235,797	\$10,146	\$225,650	\$245,526	\$10,146	\$235,379
Jul-08	\$656	\$ -	\$656	\$16,129	\$1,150	\$14,979	\$16,786	\$1,150	\$15,636
Aug-08	\$589	\$ -	\$589	\$12,514	\$908	\$11,606	\$13,104	\$908	\$12,195
Sep-08	\$660	\$ -	\$660	\$10,904	\$881	\$10,023	\$11,563	\$881	\$10,683
Oct-08	\$682	\$ -	\$682	\$17,538	\$2,603	\$14,934	\$18,219	\$2,603	\$15,616
Nov-08	\$592	\$ -	\$592	\$16,757	\$2,282	\$14,474	\$17,349	\$2,282	\$15,067
Dec-08	\$645	\$ -	\$645	\$14,690	\$2,228	\$12,462	\$15,335	\$2,228	\$13,108
Jan-09	\$541	\$ -	\$541	\$14,997	\$1,938	\$13,059	\$15,538	\$1,938	\$13,601
Feb-09	\$626	\$ -	\$626	\$16,298	\$2,263	\$14,035	\$16,924	\$2,263	\$14,661
Mar-09	\$1,279	\$ -	\$1,279	\$32,323	\$2,781	\$29,542	\$33,601	\$2,781	\$30,820
Apr-09	\$1,608	\$ -	\$1,608	\$47,152	\$2,108	\$45,044	\$48,760	\$2,108	\$46,652
May-09	\$1,296	\$ -	\$1,296	\$42,987	\$2,257	\$40,730	\$44,283	\$2,257	\$42,026
Jun-09	\$806	\$ -	\$806	\$20,741	\$1,346	\$19,394	\$21,547	\$1,346	\$20,200
TOTALS	\$9,982	\$ -	\$9,982	\$263,030	\$22,745	\$240,285	\$273,011	\$22,745	\$250,266

SALES CONCENTRATION

Top 10 Customer Sales For 12 Months 12/31/06

CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWE'S CORPORATE TRADE PAYABLE (C9408)	\$96,619,807	\$2,238,365	\$94,381,442	53.1%	2.3%	\$12,799,000		\$15,037,365	15.6%
WAL*MART STORES, INC. (F2140)	\$29,458,414	\$567,914	\$28,890,500	16.2%	1.9%	\$0		\$567,914	1.9%
THE HOME DEPOT VENDOR #203793 (C8367)	\$20,729,632	\$3,297,165	\$17,432,467	11.4%	15.9%	\$0		\$3,297,165	15.9%
COSTCO COMPANIES INC.(EAST) (B9798)	\$5,095,810	\$579,213	\$4,516,597	2.8%	11.4%	\$0		\$579,213	11.4%
WAL-MART CANADA, INC. (W1026)	\$5,021,849	\$515,916	\$4,505,933	2.8%	10.3%	\$0		\$515,916	10.3%
BARCELO ENTERPRISES (B3444)	\$3,573,157	\$101,844	\$3,471,313	2.0%	2.9%	\$0		\$101,844	2.9%
HOME DEPOT CANADA MER.PAYABLE (D1101)	\$2,162,792	\$36,892	\$2,125,900	1.2%	1.7%	\$0		\$36,892	1.7%
ANGEL PLANTS, INC. (A4188)	\$1,692,993	\$22,500	\$1,670,493	0.9%	1.3%	\$0		\$22,500	1.3%
RONA CORPORATION (A5146)	\$1,601,091	\$163,486	\$1,437,605	0.9%	10.2%	\$0		\$163,486	10.2%
KROGER CO. NFC (D0131)	\$1,485,560	\$17,643	\$1,467,917	0.8%	1.2%	\$0		\$17,643	1.2%
IKEA WHOLESALE, INC. (I1208)	\$1,286,137	\$274	\$1,285,863	0.7%	0.0%	\$0		\$274	0.0%
TOTAL TOP TEN	\$168,727,242	\$7,541,213	\$161,186,029	92.6%	4.5%	\$12,799,000		\$20,340,213	12.1%
ALL OTHERS	\$13,396,758								
TOTAL SALES FOR 2006	\$182,124,000								

Top 10 Customer Sales For 12 Months ended 12/31/07

CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$110,504,664	\$2,407,763	\$108,096,901	47.5%	2.2%	\$12,469,738		\$14,877,501	13.5%
WALMART STORES, INC. (F2140)	\$35,607,854	\$697,694	\$34,910,161	15.3%	2.0%	\$0		\$697,694	2.0%
THE HOME DEPOT VENDOR #203793 (C8637)	\$34,523,760	\$6,636,023	\$27,887,737	14.9%	19.2%	\$0	\$3,083,619	\$3,552,404	10.3%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$5,427,171	\$469,162	\$4,958,009	2.3%	8.6%	\$0		\$469,162	8.6%
IKEA WHOLESALE, INC. (I1208)	\$5,397,724	\$1,645	\$5,396,079	2.3%	0.0%	\$0		\$1,645	0.0%
WALMART CANADA, INC. (W1026)	\$5,184,942	\$446,887	\$4,738,056	2.2%	8.6%	\$0	\$307,869	\$139,018	2.7%
BARCELO ENTERPRISES (B3444)	\$3,718,022	\$161,190	\$3,556,832	1.6%	4.3%	\$0		\$161,190	4.3%
RONA CORPORATION (A5146)	\$2,541,970	\$44,059	\$2,497,911	1.1%	1.7%	\$0		\$44,059	1.7%
ANGEL PLANTS, INC. (A4188)	\$1,792,379	\$4,737	\$1,787,642	0.8%	0.3%	\$0		\$4,737	0.3%
KROGER COMPANY, NKC (D0131)	\$1,584,121	\$318	\$1,583,803	0.7%	0.0%	\$0		\$318	0.0%
TOTAL TOP 10 SALES FOR M/E 12/31/07	\$206,282,606	\$10,869,476	\$195,413,130	88.7%	5.3%	\$12,469,738	\$3,391,488	\$19,947,726	9.7%
ALL OTHERS	\$26,172,193								
TOTAL SALES FOR 2007	\$232,454,799								

Top 10 Customer Sales For 12 Months 12/31/08

CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$118,498,821	\$2,822,502	\$115,676,319	46.2%	2.4%	\$13,745,863	\$0	\$16,568,365	14.0%
WALMART STORES, INC. (F2140)	\$26,683,991	\$468,174	\$26,215,817	10.4%	1.8%	\$0	\$0	\$468,174	1.8%
THE HOME DEPOT VENDOR #203793 (C8637)	\$25,066,441	\$473,563	\$24,592,878	9.8%	1.9%	\$187,998	\$339,326	\$322,235	1.3%
SAM'S CLUB US (F2140)	\$8,786,540	\$372,725	\$8,413,815	3.4%	4.2%	\$0	\$0	\$372,725	4.2%
IKEA WHOLESALE, INC. (I1208)	\$6,966,474	\$6,365	\$6,960,109	2.7%	0.1%	\$0	\$0	\$6,365	0.1%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$6,249,904	\$854,208	\$5,395,696	2.4%	13.7%	\$0	\$0	\$854,208	13.7%
WALMART CANADA, INC. (W1026)	\$5,828,376	\$76,043	\$5,752,333	2.3%	1.3%	\$0	\$0	\$76,043	1.3%
BELL NURSERY (B4051)	\$4,061,190	\$37,340	\$4,023,850	1.6%	0.9%	\$0	\$0	\$37,340	0.9%
K-MART CORPORATION (K6180)	\$2,740,755	\$24,480	\$2,716,275	1.1%	0.9%	\$0	\$0	\$24,480	0.9%
RONA CORPORATION (A5146)	\$1,877,571	\$15,869	\$1,861,702	0.7%	0.8%	\$0	\$0	\$15,869	0.8%
TOTAL TOP 10 SALES FOR 12 M/E 12/31/08	\$206,760,063	\$5,151,269	\$201,608,794	80.7%	2.5%	\$13,933,862	\$339,326	\$18,745,805	9.1%
ALL OTHERS	\$49,572,396								
TOTAL SALES FOR 2008	\$256,332,459								

Top 10 Customer Sales For 6 Months 06/30/09

CUSTOMERS	GROSS SALES	GROSS CREDIT	NET SALES	% OF GROSS SALES	Credits as % of sales	Rebates	NON DIL CREDITS	TOTAL DILUTION \$	%
LOWES CORPORATE TRADE (C9408)	\$87,947,059	\$1,860,343	\$86,086,716	50.4%	2.1%	\$10,201,859	\$0	\$12,062,202	13.7%
WALMART STORES, INC. (F2140)	\$27,048,436	\$750,193	\$26,298,243	15.5%	2.8%	\$0	\$0	\$750,193	2.8%
THE HOME DEPOT VENDOR #203793 (C8637)	\$15,501,314	\$204,555	\$15,296,759	8.9%	1.3%	\$116,260	\$166,785	\$154,030	1.0%
SAM'S CLUB US (F2140)	\$8,658,543	\$314,379	\$8,344,164	5.0%	3.6%	\$0	\$0	\$314,379	3.6%
IKEA WHOLESALE, INC. (I1208)	\$3,883,159	\$2,322	\$3,880,837	2.2%	0.1%	\$0	\$0	\$2,322	0.1%
COSTCO COMPANIES, INC. (EAST) (B9798)	\$3,791,811	\$301,168	\$3,490,643	2.2%	7.9%	\$0	\$0	\$301,168	7.9%
WALMART CANADA, INC. (W1026)	\$3,029,926	\$52,175	\$2,977,751	1.7%	1.7%	\$0	\$0	\$52,175	1.7%
BELL NURSERY (B4051)	\$2,624,624	\$7,609	\$2,617,015	1.5%	0.3%	\$0	\$0	\$7,609	0.3%
K-MART CORPORATION (K6180)	\$2,391,964	\$19,754	\$2,372,210	1.4%	0.8%	\$0	\$0	\$19,754	0.8%
RONA CORPORATION (A5146)	\$1,234,683	\$10,058	\$1,224,625	0.7%	0.8%	\$0	\$0	\$10,058	0.8%
TOTAL TOP 10 SALES FOR 6 M/E 06/30/09	\$156,111,519	\$3,522,556	\$152,588,963	89.5%	2.3%	\$10,318,119	\$166,785	\$13,673,889	8.8%
ALL OTHERS	\$18,386,177								
TOTAL SALES FOR 6 M/E 06/30/09	\$174,497,696								

RECONCILIATIONS

ACCOUNTS RECEIVABLE RECONCILIATIONS						
HARRIS FARMS, INC.	AS OF:	6/30/2009	AGING	G/L	FIN'L	BBC
BALANCE PER SOURCE RECORDS			39,908.7	42,813.9		43,123.1
HFI Accrued sales posted 07/09				(3,214.4)		(3,214.4)
Open discount at 06/30/09				309.2		
UNEXPLAINED						
TOTAL ADJUSTMENTS			0.0	(2,905.2)	0.0	(3,214.4)
RECONCILED TOTALS			39,908.7	39,908.7	0.0	39,908.7

(a)

ACCOUNTS RECEIVABLE RECONCILIATIONS						
HARRIS FARMS, INC.	AS OF:	10/31/2008	AGING	G/L	FIN'L	BBC
BALANCE PER SOURCE RECORDS			20,944.0	25,039.6		25,208.3
HFI Accrued sales posted 11/08				(4,264.3)		(4,264.3)
Open discount at 10/31/08				168.8		
UNEXPLAINED						
TOTAL ADJUSTMENTS			0.0	(4,095.6)	0.0	(4,264.3)
RECONCILED TOTALS			20,944.0	20,944.0	0.0	20,944.0

ACCOUNTS RECEIVABLE RECONCILIATIONS						
HARRIS FARMS, INC.	AS OF:	6/30/2008	AGING	G/L	FIN'L	BBC
BALANCE PER SOURCE RECORDS			37,386.7	41,278.1		
HFI Accrued sales posted 07/08				(4,241.9)		
Open discount at 06/30/08				350.5		
UNEXPLAINED						
TOTAL ADJUSTMENTS			0.0	(3,891.4)	0.0	0.0
RECONCILED TOTALS			37,386.7	37,386.7	0.0	0.0

(c)

ACCOUNTS RECEIVABLE AGING SPREAD

INVOICE DATE
DUE DATE

	CURRENT EXAM AGING DATED 06/30/09	PRIOR PERIOD AGING DATED 06/30/08
AGING	AMOUNT %	AMOUNT %
DATINGS		
CURRENT	\$18,279.3 45.8%	\$14,887.5 39.8%
31-60	\$20,376.3 51.1%	\$19,184.3 51.3%
61-90	\$1,024.6 2.6%	\$1,603.3 4.3%
OVER 90	<u>\$228.5 0.6%</u>	<u>\$1,711.7 4.6%</u>
UNAPPLIED CR		
TOTAL A/R	<u><u>\$39,908.7</u> 100.0%</u>	<u><u>\$37,386.7</u> 100.0%</u>
G/L BALANCE	<u>\$42,813.9</u>	<u>\$41,278.1</u>
DIFFERENCE *	<u>(\$2,905.2) (a)</u>	<u>(\$3,891.4) (c)</u>
FINANCIAL STATEMENTS	<u>N/A</u>	
RECONCILIATION	(a)	(c)

DIFFERENCE EXPLANATION & COMMENTS:

* General ledger balance includes Accrued sales for the period and discounts which are owed to customers. See A/R Reconciliation for each period in the A/R Reconciliation Tab.

A/R CONCENTRATIONS
As of 06/30/09

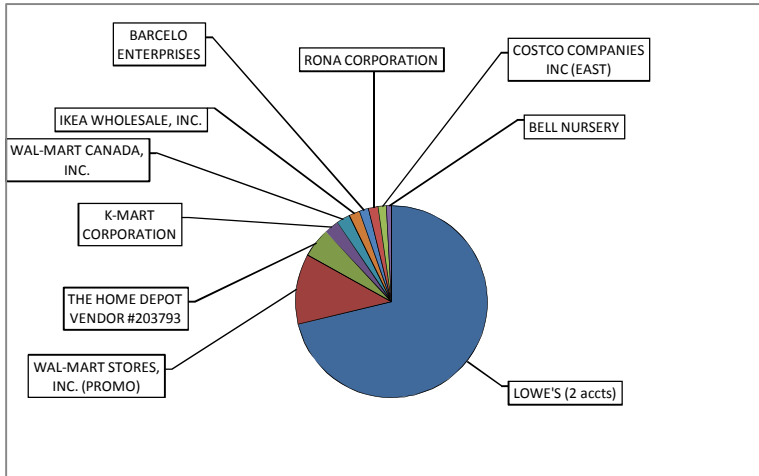
CUSTOMER NAME	ADDRESS (CITY & STATE)	%	TOTAL	CURRENT	31-60	61-90	OVER 90
LOWE'S (2 accts)	North Wilkesboro/NC	65.4%	\$26,106.5	\$10,804.0	\$15,363.9	\$34.4	(\$95.8)
WAL-MART STORES, INC. (PROMO)	Bentonville/ AR	10.9%	\$4,364.0	\$2,450.2	\$1,945.9	(\$6.8)	(\$25.2)
THE HOME DEPOT VENDOR #203793	Atlanta/ Georgia	4.5%	\$1,800.3	\$1,148.0	\$661.5	\$3.6	(\$12.9)
K-MART CORPORATION	Troy/Michigan	2.2%	\$897.8	\$43.3	\$340.0	\$530.1	(\$15.5)
WAL-MART CANADA, INC.	Ontario/ Canada	2.1%	\$842.4	\$505.5	\$358.3	\$0.2	(\$21.7)
IKEA WHOLESALE, INC.	West Hampton /NJ	1.6%	\$646.3	\$599.9	\$48.3	(\$0.6)	(\$1.3)
BARCELO ENTERPRISES	Fallbrook/CA	1.5%	\$594.5	\$85.5	\$74.5	\$44.4	\$390.1
RONA CORPORATION	Quebec/Canada	1.5%	\$587.3	\$260.2	\$220.4	\$56.3	\$50.4
COSTCO COMPANIES INC (EAST)	Seattle/Washington	1.2%	\$491.1	\$456.5	\$61.6	\$3.4	(\$30.3)
BELL NURSERY	Burtonsville/Maryland	0.8%	\$328.2	\$139.5	\$149.4	\$0.1	\$39.2
TOTAL		<u>91.9%</u>	<u>\$36,658.4</u>	<u>\$16,492.5</u>	<u>\$19,074.3</u>	<u>\$665.1</u>	<u>\$237.9</u>

TOTAL ACCOUNTS RECEIVABLE

\$39,908.7

Concentration is:

Light	_____	<35%
Moderate	=====	35-60%
Heavy	X_____	>60%



A/R CONCENTRATIONS
As of 06/30/08 Prior Period

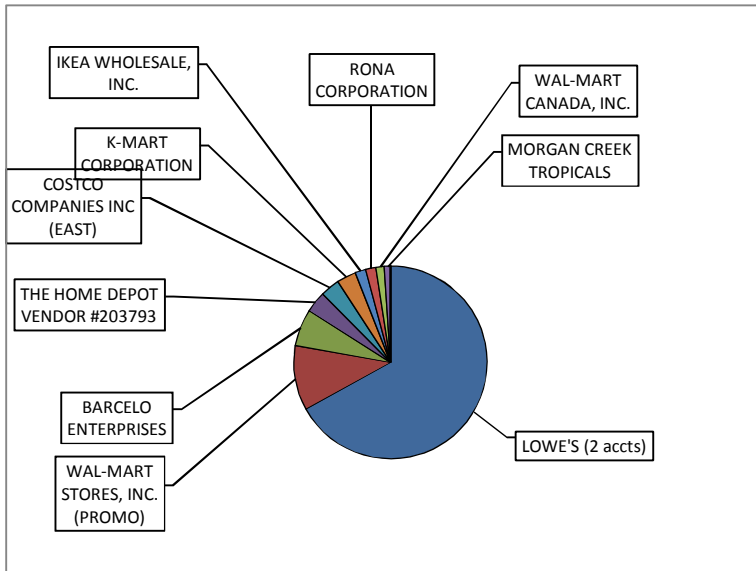
CUSTOMER NAME	ADDRESS (CITY & STATE)	%	TOTAL	CURRENT	31-60	61-90	OVER 90
LOWE'S (2 accts)	North Wilkesboro/NC	55.3%	\$22,075.2	\$7,967.4	\$14,001.7	\$5.8	\$100.2
WAL-MART STORES, INC. (PROMO)	Bentonville/ AR	9.0%	\$3,572.7	\$2,461.4	\$1,195.1	\$3.7	(\$87.6)
BARCELO ENTERPRISES	Fallbrook/CA	5.1%	\$2,053.2	\$252.0	\$688.3	\$264.1	\$848.7
THE HOME DEPOT VENDOR #203793	Atlanta/ Georgia	2.9%	\$1,166.9	\$978.2	\$158.5	\$35.5	(\$5.3)
COSTCO COMPANIES INC (EAST)	Seattle/Washington	2.7%	\$1,061.3	\$469.2	\$384.3	\$183.5	\$24.3
K-MART CORPORATION	Troy/Michigan	2.7%	\$1,060.1	\$81.8	\$692.4	\$284.7	\$1.2
IKEA WHOLESALE, INC.	West Hampton /NJ	1.5%	\$610.8	\$543.9	\$67.0	\$0.0	(\$0.1)
RONA CORPORATION	Quebec/Canada	1.4%	\$569.0	\$199.6	\$278.6	\$64.8	\$26.1
WAL-MART CANADA, INC.	Ontario/ Canada	1.1%	\$455.9	\$373.2	\$101.0	\$2.6	(\$20.9)
MORGAN CREEK TROPICALS		0.8%	\$335.5	\$260.1	\$42.0	\$0.0	\$33.5

TOTAL 82.6% \$32,960.7 \$13,586.8 \$17,566.9 \$844.7 \$886.7

TOTAL ACCOUNTS RECEIVABLE \$39,908.7

Concentration is:

Light	<35%
Moderate	35-60%
Heavy	>60%



PAST DUE ANALYSIS

CUST. #	CUSTOMER NAME	A/R BALANCE	OVER 90 BALANCE	120 DAYS BALANCE	TOTAL > 90 DAYS	SUBS. PYMTS.	SLOW/ COLLECT.	UNISSUED CREDITS	DISPUTES	POTENTIAL WRITE-OFFS	IN COLLECTIONS	COMMENTS
A1769	BARCELO ENTERPRISES	\$594.5	\$329.1		\$329.1	\$37.0	\$292.1					special terms allowed
A2036	RONA CORPORATION	\$587.3	\$50.4		\$50.4		\$50.4					net 90 day terms given
A2548	COLOR STAR GROWERS OF CO	\$309.3	\$44.1		\$44.1		\$44.1					
A2400	BELL NURSERY	\$328.2	\$369.2		\$369.2	\$312.6	\$56.6					
C1156	UNITED ORCHIDS PLUS	\$20.7	\$20.7		\$20.7					\$20.7		
C3248	HOUSTON PALM TREE INC	\$18.9	\$18.9		\$18.9		\$18.9					
C3250	HOUSTON PLANTS & GARDEN	\$18.0	\$18.0		\$18.0		\$18.0					
C3264	VAN DER AREND TROPICAL	\$17.7	\$17.7		\$17.7		\$17.7					Special Terms given
B4051	PM TRANSPORT OF FLORIDA	\$31.8	\$15.0		\$15.0	\$15.0						AFFILIATE
C6872	SANTA BARBARA NURSERY	\$13.6	\$13.6		\$13.6		\$13.6					
B4006	MOON VALLEY NURSERY	\$35.0	\$13.0		\$13.0		\$13.0					
C6966	TELE TRADING	\$12.8	\$12.8		\$12.8		\$12.8					Special Terms given
C7040	JACK WAGEMERS INTL	\$12.5	\$12.5		\$12.5		\$12.5					Special Terms given
C7640	DILLON STORES	\$12.4	\$9.3		\$9.3	\$9.3						
B6584	TOP ORCHIDS	\$27.0	\$7.5		\$7.5					\$7.5		
A6089	WINN DIXIE STORES	\$65.7	\$6.2		\$6.2				\$6.2			
D2712	WALGREENS SUPPLIER 406447	\$5.5	\$5.5		\$5.5					\$5.5		
A9872	AHOLD FIN. SERV	\$49.1	\$5.5		\$5.5	\$2.7			\$2.7			
E4008	ORN. RIO FRIO SA	\$3.7	\$3.7		\$3.7		\$3.7					Special Terms given
D7855	ARAZOZA BROTHERS CORP	\$4.9	\$3.5		\$3.5		\$3.5					
D5810	EASON HORTICULTURAL RES.	\$5.2	\$2.8		\$2.8	\$2.8						
C0171	ALTMAN SPECIALTY PLANTS	\$22.7	\$2.3		\$2.3				\$2.3			

TOTAL 22 \$2,196.4 \$981.1 \$0.0 \$981.1 \$379.5 \$556.8 \$0.0 \$11.2 \$33.7 \$0.0

**ANALYSIS OF PAST DUES
BY CATEGORIES**

	AS OF :	06/30/09
TOTAL \$	90 DAYS	120 DAYS
		%
Subsequent payments (As of 12/08/08)	\$379.5	52.0%
Slow but collectible	\$556.8	76.3%
Legal/collection agencies	\$0.0	0.0%
Disputes	\$11.2	1.5%
Unissued credits	\$0.0	0.0%
Write-offs	\$33.7	4.6%
<hr/>		
Total analyzed	\$981.1	134.5%
Past due credits	\$501.0	68.7%
Not analyzed	(\$251.7)	-34.5%
<hr/>		
Total past due (Over 90 days column)	\$228.5	100.0%

ALLOWANCE FOR BAD DEBTS AS OF 6/30/09

\$393.7

WRITE-OFFS:
CURRENT YEAR
LAST YEAR

\$184.5
\$206.0

SHIPPING TEST

CUST NUMBER	CUSTOMER NAME	INVOICE NUMBER	INVOICE AMOUNT	INVOICE DATE	SHIPPING DATE	TIME LAG	PROOF OF SHIPMENT
C9408	LOWE'S CORPORATE	I00683369	\$7,269.34	06/29/09	06/30/09	1	B/L Number 01104895 - Signed & Dated
C9408	LOWE'S CORPORATE	I00685128	\$6,873.36	06/30/09	06/30/09	0	B/L Number 01102494 - Signed & Dated
C9408	LOWE'S CORPORATE	I00683371	\$6,173.19	06/29/09	06/29/09	0	B/L Number 01104898 - Signed & Dated
C9408	LOWE'S CORPORATE	I00684130	\$5,351.47	06/30/09	06/30/09	0	B/L Number 02012488 - Signed & Dated
C9408	LOWE'S CORPORATE	I00683374	\$4,933.00	06/30/09	06/30/09	0	B/L Number 01104903 - Signed & Dated
C9408	LOWE'S CORPORATE	I00683412	\$7,808.34	07/02/09	07/02/09	0	B/L Number 001022532051643565 - (Signed, Not Dated) - Paul Floody
C9408	LOWE'S CORPORATE	I00683590	\$7,691.10	07/02/09	07/02/09	0	B/L Number 001022532051646214 - (Signed, Not Dated) - DIEL Transp
C0600	BURNABY LAKES GREENHOUSES	I00679934	\$3,846.00	06/22/09	06/22/09	0	B/L 001022532051594560 (Signed, Not Dated) - D & H Trucking
A1193	ALEXANDER HAY GREENHOUSES	I00663982	\$454.32	05/15/09	05/15/09	0	B/L 05132708 (Signed, Not Dated) - Own Truck
A1214	BACHMAN'S INC.	I00678938	\$4,263.00	06/18/09	06/18/09	0	B/L 001022532051604117 (Signed, Not Dated) - Lightning Express
A1313	ASSOC WHSL GROCERS-KANSAS CITY	I00680694	\$7,257.44	06/24/09	06/26/09	2	B/L 001022532051643314 - (Signed & Dated) -
A1314	KING SOOPER DEPT# 833	I00670419	\$14,137.50	05/28/09	05/28/09	0	B/L 001022532051333411 (Signed, Not Dated) - WDTG
A1769	ARCHER NURSERY	I00647792	\$2,569.10	04/27/09	04/27/09	0	B/L 001022532051062704 (Signed, Not Dated) - PM Transport
A2220	ALPHA FOLIAGE, INC.	I00680054	\$80,558.52	06/24/09	07/02/09	8	B/L 13004783 - Drop Shipment from Poppelmann Plastics USA LLC
A2400	BAYSTATE	I00666645	\$1,499.80	05/21/09	05/21/09	0	B/L 001022532051373343 (Signed, Not Dated) - DTL Transportation
A2400	BAYSTATE	I00674940	\$1,694.79	06/08/09	06/08/09	0	B/L 05151479 (Signed, Not Dated) - DTL Transportation
A2548	ALBERTSON'S INC., PLANT CITY, FL	I00678739	\$2,368.80	06/18/09	06/18/09	0	B/L 05157765 (Signed, Not Dated) - Own Truck
A4000	ASSOC WHSL GROCERS-SPRINGFIELD	I00675927	\$1,530.00	06/10/09	06/10/09	0	B/L 05151245 (Signed, Not Dated) - Own Truck
A4015	ALBERTSON'S INC. LANCASTER, PA (ACME MKTS)	I00678728	\$1,815.00	06/18/09			B/L 001022532051562994 (Signed, Not Dated) - Peninsula
A4188	ANGEL PLANTS, INC.	I00669376	\$13,000.00	05/26/09	05/26/09	0	B/L 05140907 (Signed, Not Dated) - Own Truck
A4188	ANGEL PLANTS, INC.	I00674557	\$22,251.00	06/05/09	06/05/09	0	B/L 05150175 (Signed, Not Dated) - Own Truck
A4188	ANGEL PLANTS, INC.	I00674558	\$11,616.25	06/05/09	06/05/09	0	B/L 05150183 (Signed, Not Dated) - Own Truck
A4188	ANGEL PLANTS, INC.	I00674582	\$18,330.00	06/10/09	06/10/09	0	B/L 05154640 (Signed & Dated) - Own Truck
A4188	ANGEL PLANTS, INC.	I00676751	\$17,879.50	06/12/09	06/12/09	0	B/L 001022532051563777 (Signed, Not Dated) - 4RS Transportation
A4188	ANGEL PLANTS, INC.	I00676752	\$13,842.50	06/15/09			B/L 001022532051576717 (Signed, Not Dated) - DTL Transportation
A4188	ANGEL PLANTS, INC.	I00678315	\$22,771.25	06/17/09			B/L 001022532051597552 (Signed, Not Dated) - Brian Jones Trucking
A4188	ANGEL PLANTS, INC.	I00679758	\$23,133.75	06/19/09			B/L 001022532051621604 (Signed, Not Dated) - DTL Transportation
A4188	ANGEL PLANTS, INC.	I00680044	\$10,297.50	06/22/09	06/22/09	0	B/L 001022532051629794 (Signed, Not Dated) - 4RS Transportation
A4188	ANGEL PLANTS, INC.	I00680448	\$21,402.25	06/23/09			B/L 001022532051643266 (Signed, Not Dated) - Surface Express
A4667	A & P (WHSE) VENDOR #99-0300578510	I00664605	\$15,359.25	05/18/09	05/22/09	4	B/L Number 001022532051309832 (Signed & Dated) - Paul Floody
A4667	A & P (WHSE) VENDOR #99-0300578510	I00668017	\$9,927.75	05/26/09	05/27/09	1	B/L Number 05137489 (Signed & Dated) - Own Truck
A5022	JEWEL FRESH FOOD CENTER	I00637040	\$22,785.60	04/09/09	04/09/09	0	B/L Number 001022532050898553 (Signed, Not Dated) - Warren Pearce
A5022	JEWEL FRESH FOOD CENTER	I00679745	\$3,591.00	06/18/09			B/L Number 5160588 (Signed, Not Dated) - Warren Pearce
A5146	RONA CORPORATION	I00652880	\$3,594.04	04/30/09	04/30/09	0	B/L Number 001022532051158339 (Signed, Not Dated) - Liason Canada
A5146	RONA CORPORATION	I00652881	\$2,175.67	04/30/09	04/30/09	0	B/L Number 001022532051158362 (Signed, Not Dated) - Liason Canada
A5146	RONA CORPORATION	I00653854	\$7,947.23	04/27/09	04/27/09	0	B/L Number 001022532051052170 (Signed, Not Dated) - Liason Canada
A5146	RONA CORPORATION	I00657525	\$2,306.92	04/10/09	04/10/09	0	B/L Number 001022532050859231 (Signed, Not Dated) - Liason Canada
A5146	RONA CORPORATION	I00652772	\$3,697.84	04/30/09	04/30/09	0	B/L Number 001022532051150319 (Signed, Not Dated) Liason Canada
C8367	THE HOME DEPOT VENDOR	I00673312	\$14,725.32	06/03/09	06/04/09	1	B/L Number 001022532051484809 (Signed, Not Dated) - PM Transport
C8367	THE HOME DEPOT VENDOR	I00682553	\$3,409.00	06/29/09			B/L Number 001022532051669844 (Signed, Not Dated) - Interstate Trans
C8367	THE HOME DEPOT VENDOR	I00682576	\$3,203.70	06/29/09			B/L Number 001022532051670583 (Signed, Not Dated) - Interstate Trans
C8367	THE HOME DEPOT VENDOR	I00683086	\$2,089.30	06/30/09	06/30/09	0	B/L Number 05166929 (Signed, Not Dated) - PM Transport
C8367	THE HOME DEPOT VENDOR	I00682451	\$2,851.94	06/29/09	07/01/09	2	B/L Number 05166077 (Signed & Dated) - PM Transport
F2140	Walmart Stores Inc	I00682326	\$3,014.40	06/29/09			B/L Number 001022532051614431 (Signed, Not Dated) Midwest Coast
F2140	Walmart Stores Inc	I00682063	\$3,014.40	06/30/09	06/30/09	0	B/L Number 001022532051609008 (Signed, Not Dated) Diel Transportation
F2140	Walmart Stores Inc	I00683106	\$3,007.81	06/30/09	06/30/09	0	B/L Number 05167931 (Signed, Not Dated) - PM Transport
F2140	Walmart Stores Inc	I00682589	\$2,299.85	06/29/09	06/30/09	1	B/L Number 05167121 (Signed, Not Dated) - PM Transport
F2140	Walmart Stores Inc	I00682067	\$3,014.40	06/30/09			B/L Number 001022532051609101 (Signed, Not Dated) Midwest Coast

TOTAL 48 \$454,633.49 1 = Average Shipping Lag

TOTAL A/R \$39,908.7

PERCENTAGE TESTED 1.1%

OMELO

COMMENTS:

Because Bills of Lading were signed but not dated, a sample of the shipments were verified using the vendor invoices from the shipping company to ensure date of pick up from the customer.

Those shipping documents for the ones highlighted in green have not been dated by the drivers when picked up and the vendor invoice was not available from the shipping company to validate the date of pick up of the merchandise.

On shipments by Own truck, customer signature on invoices was verified and signed aside from bill of lading received as back up.

Testing was done to verify subsequent payment on the invoices which were not verified by shipping document. The results were:

CREDIT MEMO TEST

CUST.#	CUSTOMER NAME	CREDIT MEMO			ORIGINAL INVOICE	TIME LAG	REASON FOR CREDIT
		NUMBER	AMOUNT	DATE			
	A & E NURSERY LLC	C00202708	37,716.55	05/22/09	09/01/08	263	There are six invoices on this CM on date ranges 8/27/08-9/29/08, Contra account
	ACOSTA FARMS	C00207934	119,908.00				There are five invoices on this CM listed below with dates ranging from 4/7/08 to 5/18/08, Contra account
	ACOSTA FARMS	C00207934	19,500.00	06/25/09	04/07/09	79	Contra
	ACOSTA FARMS	C00207934	6,500.00	06/25/09	04/13/09	73	Contra
	ACOSTA FARMS	C00207934	33,011.00	06/25/09	05/05/09	51	Contra
	ACOSTA FARMS	C00207934	19,397.00	06/25/09	05/13/09	43	Contra
	ACOSTA FARMS	C00207934	41,500.00	06/25/09	05/18/09	38	Contra
	BARCELO ENTERPRISES	C00197748	160,000.00	04/14/09	04/14/09	0	Damage / rotted seeds
	DILLON STORES, INC.	C00208579	9,340.80	03/23/09	03/23/09	0	never received/Shipped from Strutzman Greenhouse Inc. wrong customer
	JA'S NURSERY	C00202706	153,846.23	05/22/09			There are 14 invoices on this CM listed below with dates ranging from 11/27/07 to 11/13/08, Contra account
	JA'S NURSERY	C00202706	3,880.00	05/22/09	11/28/07	541	Contra
	JA'S NURSERY	C00202706	30,400.00	05/22/09	09/11/08	253	Contra
	JA'S NURSERY	C00202706	13,500.00	05/22/09	09/15/08	249	Contra
	JA'S NURSERY	C00202706	3,763.20	05/22/09	09/15/08	249	Contra
	JA'S NURSERY	C00202706	5,146.75	05/22/09	09/15/08	249	Contra
	JA'S NURSERY	C00202706	2,460.32	05/22/09	09/27/08	237	Contra
	JA'S NURSERY	C00202706	2,460.32	05/22/09	09/29/08	235	Contra
	JA'S NURSERY	C00202706	2,460.32	05/22/09	10/01/08	233	Contra
	JA'S NURSERY	C00202706	2,460.32	05/22/09	10/03/08	231	Contra
	JA'S NURSERY	C00202706	22,500.00	05/22/09	10/24/08	210	Contra
	JA'S NURSERY	C00202706	16,390.00	05/22/09	10/27/08	207	Contra
	JA'S NURSERY	C00202706	15,645.00	05/22/09	10/28/08	206	Contra
	JA'S NURSERY	C00202706	16,390.00	05/22/09	11/03/08	200	Contra
	JA'S NURSERY	C00202706	16,390.00	05/22/09	11/13/08	190	Contra
	LAWRENCE J. LAPIDE. INC.	C00204348	8,659.69	04/23/09	04/23/09	0	Damaged Plants/ Freight charges
	THE HOME DEPOT VENDOR #203793	C00194011	12,533.00	03/16/09	03/10/09	6	Volume Rebate
	THE HOME DEPOT VENDOR #203793		350,497.09	06/03/09	06/03/09	0	Treated as inventory transfer on VMI system
	TRUE VALUE VENDOR #44025609	C00202244	6,825.00	03/20/09	03/20/09	0	Over charge on freight
	VAN DER AREND TROPICAL PLANTCE	C00204534	6,832.52	05/29/09	06/24/07	705	Contra
	VELIZ ORNAMENTAL NURSERY	C00197760	10,000.00	04/15/09	08/28/08	230	Contra
	VELIZ ORNAMENTAL NURSERY	C00198908	10,000.00	04/29/09	08/28/08	244	Contra
	VELIZ ORNAMENTAL NURSERY	C00201176	10,000.00	05/08/09	08/28/08	253	Contra
	VINKAPLANT, B.V. (DR)	C00192068	12,811.97	02/23/09	09/08/08	168	Invoiced to wrong customer
	WAL-MART US, INC.	C00204514	210,000.00	05/05/09	05/01/09	4	rebate
	LOWES CORPORATE	C00201281	2,347,096.83	05/11/09	05/07/09	4	rebate
	LOWES CORPORATE	C00192556	732,561.27	02/23/09	02/19/09	4	rebate
	LOWES CORPORATE	C00197702	1,644,244.48	04/13/09	04/09/09	4	rebate
	WAL-MART CANADA, INC.	C00203212	7,350.00				Exchange rate difference
	WAL-MART CANADA, INC.	C00196377	12,879.56	04/06/09	04/06/09	0	Exchange rate difference
	WAL-MART CANADA, INC.	C00207924	26,583.65	06/25/09	05/01/09	55	Exchange rate difference
	CORRADO'S GARDEN CENTER	C00190987	3,395.94	01/06/09	01/06/09	0	Damaged Plants
	HANGING GARDEN** COLLECTIONS	C00197750	2,761.97	04/15/09	06/20/08	299	Write off, sent to collection agency 4/15/09

TOTAL

42 5,895,844.55

154

4,946,435.58 Rebates

348,303.30 Contras

601,105.67 52 days 10,018.43 \$

220,405.41

COMMENTS:

30 days acceptable lag

22 excess

A reserve is required as lag time on test, excluding rebates and contras, is 52 days.

The exposure period being between 1-90 days to cover the bank's risk.

HISTORY SPREADS

MONTH	TOTAL	CURRENT	31-60	61-90	91-120	OVER 120	PAST DUE %
Jan-09	\$21,982.0	\$10,872.77	\$8,395.98	\$1,216.57	\$1,496.65		6.8%
Feb-09	\$25,888.2	\$14,845.45	\$8,859.32	\$377.98	\$1,805.46		7.0%
Mar-09	\$35,846.8	\$24,729.01	\$9,292.74	\$501.38	\$1,323.70		3.7%
Apr-09	\$57,511.2	\$38,355.84	\$17,719.40	\$431.19	\$1,004.80		1.7%
May-09	\$69,430.2	\$36,161.4	\$32,357.2	\$705.5	\$206.1		0.3%
Jun-09	\$39,908.7	\$18,279.3	\$20,376.3	\$1,024.6	\$228.5		0.6%

AVERAGE \$41,761.2 \$23,874.0 \$16,166.8 \$709.5 \$1,010.9 #DIV/0! 2.4%

MONTH	TOTAL	CURRENT	31-60	61-90	91-120	OVER 120	PAST DUE %
Jan-08	\$17,487.4	\$8,857.01	\$6,182.32	\$528.03	\$1,920.01		11.0%
Feb-08	\$24,733.6	\$16,750.24	\$6,079.66	\$628.68	\$1,275.06		5.2%
Mar-08	\$32,924.9	\$20,987.22	\$10,076.16	\$600.57	\$1,260.99		3.8%
Apr-08	\$51,273.7	\$30,001.48	\$15,572.55	\$4,928.66	\$770.98		1.5%
May-08	\$58,292.1	\$30,452.0	\$25,357.7	\$1,355.6	\$1,126.9		1.9%
Jun-08	\$37,386.7	\$14,887.5	\$19,184.3	\$1,603.3	\$1,711.7		4.6%
Jul-08	\$29,373.1	\$14,457.5	\$11,267.5	\$2,005.0	\$1,643.2		5.6%
Aug-08	\$24,094.1	\$10,429.8	\$10,289.2	\$1,056.2	\$2,318.9		9.6%
Sep-08	\$19,016.7	\$8,955.3	\$7,334.0	\$547.0	\$2,180.5		11.5%
Oct-08	\$20,944.0	\$11,179.5	\$7,553.0	\$566.0	\$1,645.5		7.9%
Nov-08	\$26,674.4	\$13,978.7	\$10,140.2	\$817.7	\$1,737.7		6.5%
Dec-08	\$19,241.3	\$9,706.4	\$7,185.4	\$586.3	\$1,763.3		9.2%

AVERAGE \$30,120.2 \$15,886.9 \$11,351.8 \$1,268.6 \$1,612.9 #DIV/0! 5.4%

MONTH	TOTAL	CURRENT	31-60	61-90	91-120	OVER 120	PAST DUE %
Jan-07	\$19,031.0	\$12,107.0	\$5,233.0	\$1,236.0	\$455.0		2.4%
Feb-07	\$21,262.0	\$13,738.0	\$6,177.0	\$577.0	\$770.0		3.6%
Mar-07	\$32,349.0	\$23,942.0	\$6,698.0	\$706.0	\$1,003.0		3.1%
Apr-07	\$49,692.0	\$29,298.0	\$18,502.0	\$1,381.0	\$511.0		1.0%
May-07	\$50,804.0	\$32,164.0	\$15,236.0	\$2,731.0	\$673.0		1.3%
Jun-07	\$35,135.0	\$17,062.0	\$14,923.0	\$1,394.0	\$1,756.0		5.0%
Jul-07	\$20,749.0	\$10,565.0	\$6,855.0	\$1,280.0	\$2,049.0		9.9%
Aug-07	\$20,093.7	\$11,002.1	\$6,144.4	\$725.2	\$2,222.0		11.1%
Sep-07	\$21,628.0	\$11,153.1	\$6,497.1	\$758.9	\$3,218.8		14.9%
Oct-07	\$19,603.0	\$10,162.5	\$6,001.5	\$841.8	\$2,597.1		13.2%
Nov-07	\$24,810.5	\$16,288.6	\$5,829.1	\$378.5	\$2,314.2		9.3%
Dec-07	\$18,602.4	\$8,819.1	\$7,162.9	\$519.8	\$2,100.6		11.3%

AVERAGE \$27,813.3 \$16,358.4 \$8,771.6 \$1,044.1 \$1,639.1 #DIV/0! 5.9%

MONTH	TOTAL	CURRENT	31-60	61-90	91-120	OVER 120	PAST DUE %
Jan-06	\$12,426.0	\$7,873.0	\$3,929.0	\$272.0	\$352.0		2.8%
Feb-06	\$16,813.0	\$9,242.0	\$7,315.0	\$365.0	(\$109.0)		-0.6%
Mar-06	\$27,866.0	\$19,707.0	\$5,976.0	\$2,374.0	(\$191.0)		-0.7%
Apr-06	\$39,704.0	\$25,889.0	\$11,645.0	\$588.0	\$1,582.0		4.0%
May-06	\$37,192.0	\$20,973.0	\$15,419.0	\$954.0	(\$154.0)		-0.4%
Jun-06	\$26,158.0	\$15,579.0	\$9,456.0	\$1,128.0	(\$5.0)		0.0%
Jul-06	\$20,172.0	\$11,869.0	\$6,818.0	\$795.0	\$690.0		3.4%
Aug-06	\$17,642.0	\$10,222.0	\$6,476.0	\$519.0	\$425.0		2.4%
Sep-06	\$16,826.0	\$9,797.0	\$6,257.0	\$444.0	\$328.0		1.9%
Oct-06	\$25,339.0	\$12,089.0	\$7,778.0	\$5,201.0	\$271.0		1.1%
Nov-06	\$25,011.0	\$16,591.0	\$7,430.0	\$753.0	\$237.0		0.9%
Dec-06	\$24,316.0	\$12,308.0	\$10,997.0	\$857.0	\$154.0		0.6%

AVERAGE \$24,122.1 \$14,344.9 \$8,291.3 \$1,187.5 \$298.3 #DIV/0! 1.2%

CASH APPLICATION TEST

Customer	Check		Payment Amount	Invoice Amount	Short-Pay Amount	Date Deposited	Date Applied to AR	Avg Inv Date	Actual Turnover, days (Invoice-Deposit)	Actual Turnover, days (Weighted)	
	Number	Date									
IKEA	17133	7/2/09	\$5,448	\$5,448	\$0	7/6/09	7/6/09	6/4/09	32	1	
IKEA	17133	7/2/09	\$8,645	\$8,645	\$0	7/6/09	7/6/09	6/4/09	32	2	
HOME DEPOT	2003384624	7/1/09	\$3,388	\$3,388	\$0	7/1/09	7/1/09	5/26/09	36	1	
HOME DEPOT	2003384624	7/1/09	\$2,325	\$2,325	\$0	7/1/09	7/1/09	5/26/09	36	0	
KMART CORPORATION	771182040	7/2/09	\$1,888	\$1,888	\$0	7/2/09	7/2/09	4/23/09	70	1	
KMART CORPORATION	771182040	7/2/09	\$1,773	\$1,773	\$0	7/2/09	7/2/09	4/27/09	66	1	
KMART CORPORATION	771182040	7/2/09	\$3,871	\$3,871	\$0	7/2/09	7/2/09	4/27/09	66	1	
WAL-MART STORES	4217767	7/2/09	\$1,674	\$1,674	\$0	7/2/09	7/2/09	6/1/09	31	0	
WAL-MART STORES	4217767	7/2/09	\$2,468	\$2,468	\$0	7/2/09	7/2/09	6/1/09	31	0	
LAKESHORE INC	070109	7/1/09	\$2,597	\$2,597	\$0	7/1/09	7/1/09	6/15/09	16	0	
THORSENS GREENHOUSE	12534	6/26/09	\$5,775	\$5,775	\$0	7/2/09	7/2/09	5/25/09	38	1	
DUMMEN USA INC	3435	6/24/09	\$5,550	\$5,550	\$0	7/3/09	7/3/09	5/20/09	44	1	
ACOSTA FARMS INC	66037	6/25/09	\$40,359	\$40,359	\$0	7/3/09	7/3/09	5/15/09	49	11	
GEERLING INC	20235	6/15/09	\$2,641	\$2,641	\$0	7/3/09	7/3/09	5/19/09	45	1	
RIMLANDS NURSERY	19338	6/30/09	\$3,250	\$3,250	\$0	7/3/09	7/3/09	6/15/09	18	0	
BACARDI CENTRAL CORP	070609	7/6/09	\$24,909	\$24,909	\$0	7/6/09	7/6/09	5/1/09	66	9	
ANGEL PLANTS INC.	40522	6/30/09	\$22,251	\$22,251	\$0	7/9/09	7/9/09	6/5/09	34	4	
MARVASO GREENHOUSES	16710	7/6/09	\$15,878	\$15,878	\$0	7/9/09	7/9/09	6/15/09	24	2	
AHOLD FINANCING SERV	245611	7/1/09	\$1,140	\$1,140	\$0	7/6/09	7/6/09	5/27/09	40	0	
WINN DIXIE STORES	8685440	6/30/09	\$7,804	\$7,963	\$159	7/6/09	7/6/09	5/31/09	36	2	
WINN DIXIE STORES	8685440	6/30/09	\$5,711	\$5,827	\$116	7/6/09	7/6/09	5/31/09	36	1	
WAL-MART CANADA	2731920	6/30/09	\$1,543	\$1,543	\$0	7/10/09	7/10/09	5/31/09	40	0	
CLI COLORS INC	3359	7/8/09	\$4,250	\$4,250	\$0	7/13/09	7/13/09	5/1/09	73	2	
Total			\$175,138	\$175,414	\$276					44	
						Short-Pay	0.2%				

Source: Larger deposit slips with customer remittance advice for past 30 day period. Please attempt to include top 3-5 concentration accounts.

VERIFICATIONS

CUSTOMER				AMOUNT	POSITIVE VERIFICATION	COMMENTS
ID	NAME	CONTACT	Phone/Fax			
A-0321	LOWE'S			\$ 24,008,719.45	\$ 24,008,719.45	Account Reconciliation - for Major Account a/o 7/20/09
A-1001	LOWE'S GARDEN VISION			\$ 2,097,752.19	\$ 2,097,752.19	Account Reconciliation - for Major Account a/o 7/20/09
A-0600	WALMART STORES			\$ 4,364,013.57	\$ 4,295,385.04	Account Reconciliation - for Major Account a/o 7/20/09
A-1193	THE HOME DEPOT			\$ 1,800,313.86		
A-1214	K-MART	Kim		\$ 897,837.54		
A-1313	WALMART CANADA	Simone		\$ 842,378.28		
A-1314	IKEA	A/P		\$ 646,333.01		
A-1769	BARCELO ENTERPRISES	Rosa		\$ 594,463.59		
A-2036	RONA CORPORATION			\$ 587,332.06		
A-2220	COSTCO COMPANIES (EAST)	Johnny		\$ 491,112.38		
A-2400	BELL NURSERY	Kelly		\$ 328,240.27		
				\$ 36,658,496.2	\$ 30,401,856.7	

TOTAL # OF INV. TESTED 11
 AMOUNT OF INV. TESTED \$ 36,658.50
 TOTAL A/R AGING A/O EXAM DATE \$ 39,908.7
 % TESTED TO CURRENT AGING 91.9%
 TOTAL # POSITIVELY VERIFIED 3
 AMT POSITIVELY VERIFIED \$30,401,856.7

Verifications were performed using Customer Online system and accounts were reconciled to Harris Balance

NOTES:

- Faxed Verifications
- Phone Verifications
- Mailed Verifications
- Online Verifications
- EMAIL VERIFICATIONS

Walmart Stores Reconciliation	
Balance Per Costa Nursery Farms @ 07/20/09	2,720,483.53
Invoices by Costa not in Walmart System	7,696.29
Checks sent by Walmart, not Posted to Acct	277,841.73
RECONCILED BALANCE	2,450,338.09
UNEXPLAINED	37,937.44
BALANCE PER SOURCE RECORDS	2,412,400.65

1.57%

Lowe's Reconciliation	
Balance Per Costa Nursery Farms @ 07/20/09	13,218,912.70
Invoices by Costa not in Lowes System	959,799.66
Checks sent by Walmart, not Posted to Acct	
Claims Outstanding	168,398.58
RECONCILED BALANCE	12,090,714.46
UNEXPLAINED	-
BALANCE PER SOURCE RECORDS	12,090,714.46

0.00%

RECONCILED TOTALS

CROSSAGE

CUSTOMER NAME		A/R BALANCE	>90 BALANCE	>90 %	INELIGIBLE AMOUNT
B6584	TOP ORCHIDS INC.	\$27.0	\$7.5	27.8%	\$19.5
B4006	MOON VALLEY NURSERY, INC.	\$35.0	\$13.0	37.1%	\$22.0
D5810	EASON HORTICULTURAL	\$5.2	\$2.8	53.9%	\$2.4
A1769	BARCELO ENTERPRISES	\$594.5	\$390.1	65.6%	\$204.4
D7855	Arazoza Brothers	\$4.9	\$3.5	70.6%	\$1.4
C7640	Dillon Stores Inc.	\$12.4	\$9.3	75.5%	\$3.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0
					\$0.0

TOTAL	\$678.9	\$426.2	\$252.7
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PAST DUE CREDITS

CUSTOMER NAME		A/R BALANCE	>90 BALANCE	INELIGIBLE AMOUNT
R2765	CORPORATE CREDITS	(\$165.7)	(\$165.7)	(\$165.7)
C9408	LOWE'S CORPORATE TRADE PAYABLE	\$24,008.7	(\$95.8)	(\$95.8)
C0591	COSTA PENN PURCHASES FROM CNF	(\$39.7)	(\$46.2)	(\$46.2)
P0422	PURE BEAUTY	(\$30.7)	(\$30.7)	(\$30.7)
B9798	COSTCO COMPANIES INC.(EAST)	\$491.1	(\$30.3)	(\$30.3)
F2140	WAL-MART STORES, INC. (PROMO)	\$4,364.0	(\$25.2)	(\$25.2)
C0171	ZZ**CHARLES GREEN'S NURSERY	(\$22.9)	(\$22.9)	(\$22.9)
W1026	WAL-MART CANADA, INC.	\$842.4	(\$21.7)	(\$21.7)
K6180	KMART CORPORATION VENDOR DUNS#431072	\$897.8	(\$15.5)	(\$15.5)
C8367	THE HOME DEPOT VENDOR #203793	\$1,800.3	(\$12.9)	(\$12.9)
A3635	SUPERVALU (FTT. WORTH, TX)	(\$11.1)	(\$11.1)	(\$11.1)
P9600	PLANT SOLUTIONS, INC.	\$109.0	(\$2.4)	(\$2.4)
D0100	METROPOLITAN PLANT EXCHANGE	(\$2.1)	(\$2.1)	(\$2.1)
D7148	HENRY F.MICHELL CO., INC.	(\$1.5)	(\$1.5)	(\$1.5)
E6369	TRUE VALUE VENDOR #44025609	\$5.3	(\$1.5)	(\$1.5)
I1208	IKEA WHOLESALE, INC.	\$646.3	(\$1.3)	(\$1.3)
S1333	ZZ**SUPERMARKETS 'R' US,INC.	(\$1.1)	(\$1.1)	(\$1.1)
F0183	FLOWERAMA #183	(\$1.1)	(\$1.1)	(\$1.1)
O1582	OBERLE GREENHOUSES	(\$1.0)	(\$1.0)	(\$1.0)
M6011	MULTIVISION	(\$1.0)	(\$1.0)	(\$1.0)
	ALL OTHERS	\$171.1	(\$9.9)	(\$9.9)
TOTAL		\$33,058.2	(\$500.9)	(\$500.9)

FOREIGN ACCOUNTS

CUSTOMER NAME	Country	A/R BALANCE	>90 BALANCE	INELIGIBLE AMOUNT
Gardner's Eden & Supplies Co.	Antigua, British Virgin Islands	\$0.0	\$0.0	\$0.0
Archer Nursery	Bahamas	\$5.2	\$0.0	\$5.2
Lucaya Nursery & Landscape	Bahamas	(\$0.2)	\$0.0	(\$0.2)
Pine Woods Nursery	Bahamas	\$1.5	\$0.0	\$1.5
Florarama of Cable Beach	Bahamas	(\$0.3)	(\$0.3)	\$0.0
Tele Trading	Guatemala	\$12.8	\$12.8	\$0.0
Las Palmas Exportaciones	Holland	\$2.2	\$2.2	\$0.0
Jack Wagemakers Int'l B.V. (DR)	Holland	\$12.5	\$12.5	\$0.0
Van Der Arend Tropical Plantcenter	Holland	\$17.7	\$17.7	\$0.0
TOTAL		\$51.4	\$44.9	\$6.5

Canada - Foreign Accounts

CUSTOMER NAME	Country	A/R BALANCE	>90 BALANCE	INELIGIBLE AMOUNT
Ontario Flower Growers	Canada	\$0.0	\$0.0	\$0.0
Ontario Flower Growers - Co-Op	Canada	\$38.6	\$0.0	\$38.6
Walmart Canada	Canada	\$842.4	(\$21.7)	\$864.0
Home Depot Canada	Canada	\$0.3	\$0.3	\$0.0
Rona Corporation	Canada	\$587.3	\$50.4	\$537.0
Burnaby Lakes Greenhouses Ltd	Canada	\$5.7	\$0.0	\$5.7
Kiosave Famille Fogarty	Canada	\$0.6	\$0.0	\$0.6
Liason Can US Courier	Canada	\$4.8	(\$0.3)	\$5.1
Floral Marketing Solutions	Canada	\$1.3	\$1.3	\$0.0
Hendriks Greenhouses Inc.	Canada	\$0.4	\$0.0	\$0.4
Terra Greenhouses	Canada	\$14.2	\$14.2	\$0.0
United Floral Distributors	Canada	\$3.5	\$0.0	\$3.5
Jeffrey's Greenhouses Inc.	Canada	\$6.0	\$0.0	\$6.0
Walmart Canada Inc.	Canada	(\$0.0)	(\$0.0)	\$0.0
Garden Gallery Inc.	Canada	\$3.7	\$0.0	\$3.7
Tropical Expressions	Canada	\$0.5	\$0.0	\$0.5
Foliera	Canada	\$17.1	\$0.0	\$17.1
Lakeshore Inc.	Canada	\$219.3	\$0.0	\$219.3
The Garden Center Group Co-Op Corp	Canada	\$7.1	\$0.0	\$7.1
Valley View Gardens	Canada	\$1.7	\$0.0	\$1.7
Colasanti Farms Ltd	Canada	\$2.0	\$0.1	\$2.0
Van Luyks Greenhouses	Canada	\$0.9	\$0.0	\$0.9
S. S. Greehouses	Canada	(\$0.1)	\$0.0	(\$0.1)
Central Alberta Greenhouses Ltd	Canada	\$4.6	\$0.0	\$4.6
Rainbow Greenhouses	Canada	\$82.4	\$0.1	\$82.4
Morgan Creek Tropicals	Canada	\$26.6	(\$0.0)	\$26.6
West Coast Floral Growers	Canada	(\$0.1)	\$0.0	(\$0.1)
TOTAL		\$1,871.1	\$44.3	\$1,826.7

CONTRA ACCOUNTS

CUSTOMER NAME	A/R BALANCE	>90 BALANCE	<90 A/R BALANCE	A/P BALANCE	TOTAL INELIGIBLE
Bernecker's Nursery Inc.	\$2.4	\$0.0	\$2.4	\$0.3	\$0.3
Morejon Nursery, Inc.	\$25.0	\$0.0	\$25.0	\$319.8	\$25.0
Diel - Jerue Transportation	\$20.3	\$3.7	\$16.7	\$957.8	\$16.7
Florida Indoor Gardens	\$3.7	(\$0.0)	\$3.7	\$0.3	\$0.3
Greendale Nursery Inc	\$0.1	\$0.0	\$0.1	\$76.0	\$0.1
Veliz Ornamental Nursery	\$28.3	\$0.0	\$28.3	\$283.0	\$28.3
Plant Solutions	\$109.0	(\$2.4)	\$111.3	\$57.7	\$57.7
Rimlands Nursery	\$3.3	\$0.0	\$3.3	\$221.0	\$3.3
R.F. Foliage	\$8.5	\$0.0	\$8.5	\$141.6	\$8.5
Share the Green Inc.	\$0.5	\$0.0	\$0.4	\$3.7	\$0.4
Silver Vase	\$4.0	\$0.0	\$4.0	\$29.3	\$4.0
The Lost Horizon Nursery Inc.	\$1.2	\$0.0	\$1.2	\$4.6	\$1.2
Valley Tropicals	\$30.3	\$0.0	\$30.3	\$42.9	\$30.3

TOTAL	\$236.5	\$1.3	\$235.2	\$2,137.9	\$176.0
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AFFILIATED ACCOUNTS

AFFILIATE NAME	A/R BALANCE	>90 BALANCE	INELIGIBLE AMOUNT
HARRIS CAROLINA PURCHASES FROM HCC	\$46.3	\$0.0	\$46.3
HARRIS CAROLINA PURCHASES FROM HFI	\$0.0	\$0.0	\$0.0
HARRIS CAROLINA PURCHASES FROM HPF	\$0.0	\$0.0	\$0.0
HARRIS COLOR PURCHASES FROM HFI	\$0.1	\$0.0	\$0.1
HARRIS COLOR PURCHASES FROM HPF	\$0.0	\$0.0	\$0.0
HARRIS COLOR PURCHASES FROM HRL	(\$0.0)	(\$0.0)	\$0.0
HARRIS FARMS PURCHASES FROM HCC	\$0.0	\$0.0	\$0.0
HARRIS FARMS PURCHASES FROM HPF	\$0.0	\$0.0	\$0.0
HARRIS FARMS PURCHASES FROM HRL	\$0.0	\$0.0	\$0.0
HARRIS PENN PURCHASES FROM HFI	(\$39.7)	(\$46.2)	(\$39.7)
HARRIS PENN PURCHASES FROM HRL	\$0.1	\$0.1	\$0.0
HARRIS PENN PURCHASES FROM HCC	\$31.8	\$0.0	\$31.8
PM TRANSPORT	\$31.8	\$15.0	\$16.8
SWAMP AVIATION	\$8.1	\$0.0	\$8.1
TOTAL	\$6.7	(\$46.2)	\$63.4

INVENTORY BREAKDOWN

DESCRIPTION	HFI		HARRIS COLOR		HCR (NC)		HPR (PA)		CONSOLIDATED					
	AS OF: AMOUNT	6/30/2009 %	AS OF: AMOUNT	6/30/2009 %	AS OF: AMOUNT	6/30/2009 %	AS OF: AMOUNT	6/30/2009 %	AS OF: AMOUNT	6/30/2009 %	AS OF: AMOUNT	6/30/2008 %	AS OF: AMOUNT	12/31/2008 %
PLANT INVENTORY	\$34,737.3	86.2%	\$1,145.9	23.6%	\$1,203.4	36.8%	\$534.4	52.9%	\$37,720.6	76.8%	\$33,805.8	78.2%	\$54,407.2	84.1%
WAREHOUSE-POTS AND TRAYS	\$5,159.8	12.8%	\$3,249.5	67.0%	\$1,494.3	60.3%	\$525.3	43.8%	\$10,428.6	21.2%	\$8,618.2	19.9%	\$9,499.2	14.7%
PEAT MOSS, TAGS, SUPPLIES, CHEMICALS AND MECHANIC														
LINERS AND TRAYS-SEED PROP SEED,CUTTING SEED, CUTTING FROM SEED,CUTTING FROM LINERS AND TRAYS-SEED.			\$318.9	6.6%	\$60.9	2.9%	\$39.3	3.3%	\$419.0	0.9%	\$394.8	0.9%	\$632.1	1.0%
PBS FOLIAGE	\$420.8	1.0%	\$135.9	2.8%					\$556.7	1.1%	\$430.8	1.0%	\$150.9	0.3%
TOTAL	\$40,317.7	100.0%	\$4,850.2	100.0%	\$2,758.5	100.0%	\$1,198.5	100.0%	\$49,124.9	100.0%	\$43,249.5	100%	\$64,689.4	100.0%

\$ 5,365 Dominican Republic
 \$ 822 Costa Rica
 \$ 55,312 Agreed to the Inventory summary

How is cost determined? Actual cost X
 Average cost X
 Estimated GP X

Financial statement presentation: LIFO X
 FIFO X

Was LIFO reserve examined? Yes X
 No X
 N/A X

How often is physical taken? SEMI ANNUAL

Date of last Physical 5/15/2009 Inventory was counted as a result of a change in insurance company.

Did you check costs? Yes X
 No X

Any sign of obsolescence? Yes X
 No Difficult to ascertain.

When an item is returned or when foliage are fully grown and cannot be sold they are dumped.
 The plant is taken out of the pot and the pot is reused. One area is set aside for the pots.

Comments:
 THE HFI GROUP CONSISTS OF FOUR COMPANIES , HARRIS COLOR, AND HARRIS FARMS IN FLA.
 HARRIS CAROLINA IN NC AND HARRIS PENNSYLVANIA IN PA.
 HARRIS COLOR, HARRIS CAROLINA AND HARRIS PENN ALL GROW BEDDING PLANTS AND POTTING PLANTS.
 THAT TAKE APPROXIAMATELY 3 TO 8 WEEKS TO GROW.
 HARRIS FARMS GROWS FOLIAGE(PALMS THAT TAKES APPROXIAMATELY 6 TO 12 MONTHS TO GROW.)

Harris Farms, Inc.
INVENTORY TEST COUNT

Location: HFI
Address:
Date of Count: July 21,2009

WAREHOUSE

ITEM #	DESCRIPTION	UM	QUANTITY		UNIT COST	VARIANCE		VALUE COUNTED	EXTENDED COSTS	% VARIANCE
			COUNT	RECORDS		QUANTITY	AMOUNT			
POTS/TRAYS										
SHX07218-2	CH 10" BULB PAN SQUARE BLACK MATT (\$2.12; \$0.37; \$0.17)(106545)		11,520	11,520	2.12	0	\$0.00	\$24,422.40	\$24,422.40	0.0%
CONGEN22QTEMBS3	CH 6" FLPO T CONTAINER GENERIC 2.22 QT EMBOSSED STONEWARE S/3 (\$1.43; \$0.30; \$0.1144)(119327)		14,325	14,315	1.43	10	\$14.30	\$20,484.75	\$20,470.45	0.1%
PIM077/C	07" MANDEVILLA PLAIN POT(111906)		216,000	216,000	0.20	0	\$0.00	\$43,200.00	\$43,200.00	0.0%
CONGEN14QTUNPTC	CONTAINER GENERIC 1.4 QT (06") UNPRINTED (TERRA COTTA) 6" AZALEA (\$0.054; \$0.01; \$0.001836)(88786)		556,640	556,640	0.05	0	\$0.00	\$29,668.91	\$29,668.91	0.0%
SJJEURO6	CH 6" FLPO T EURO ROUND (AVOCADO GREEN, CREAM, TANGERINE, TEAL, COFFEE) (\$.87; \$0.22; 0.0696)(116343)		30,445	30,445	0.87	0	\$0.00	\$26,487.15	\$26,487.15	0.0%
CONGEN2GLMUM	CONTAINER GENERIC 2 GL (08 3/4") MUM POT(88791)		643,600	643,600	0.16	0	\$0.00	\$102,268.04	\$102,268.04	0.0%
PBM1001BHH914	09.25" BLOW MOLD BLK HIGH HOLE(88800)		426,600	491,400	0.17	-64,800	(\$11,035.44)	\$72,649.98	\$83,685.42	-13.2%
PBM1000B95	09.5" BLOW MOLD BLK #1000(88794)		243,256	243,256	0.20	0	\$0.00	\$49,016.08	\$49,016.08	0.0%
PBM1000TC95	09.5" BLOW MOLD TC(88798)		161,568	161,568	0.22	0	\$0.00	\$36,255.86	\$36,255.86	0.0%
CONGEN3QTBLOMOLBL	CONTAINER GENERIC 3 QT (8") BLOW MOLD BLK #400(88790)		135,192	135,192	0.15	0	\$0.00	\$20,278.80	\$20,278.80	0.0%
S80904410HY	GERM 4" CLAY POT LIGHT MARBLE(97243)		532,175	534,453	0.12	-2,278	(\$283.38)	\$66,202.57	\$66,485.95	-0.4%
CONGEN14QTUNPTC	CONTAINER GENERIC 1.4 QT (06") UNPRINTED (TERRA COTTA) 6" AZALEA (\$0.054; \$0.01; \$0.001836)(88786)		894,300	894,300	0.07	0	\$0.00	\$62,601.00	\$62,601.00	0.0%
S80904415HY	GERM 6" CLAY POT LIGHT MARBLE(97242)		139,672	143,672	0.28	-4,000	(\$1,116.00)	\$38,968.49	\$40,084.49	-2.8%
S80900115H	GERM 6" CLAY NOVA AZALEA TC(86484)		106,780	106,780	0.25	0	\$0.00	\$26,342.63	\$26,342.63	0.0%
PHB10GRNDH	10" HB POT GREEN(108898)		125,280	125,280	0.24	0	\$0.00	\$30,067.20	\$30,067.20	0.0%
PBM1001BHH914	09.25" BLOW MOLD BLK HIGH HOLE(88800)		210,600	210,600	0.18	0	\$0.00	\$38,708.28	\$38,708.28	0.0%
SCH8-1231ABC	CH 5" FLPO T TALL BRUSHED RED/YELL/GRN (PT \$.33; FR \$.085 DTY \$0.024)(118439)		148,608	148,608	0.33	0	\$0.00	\$49,531.05	\$49,531.05	0.0%
TY21DEEP	TRAY 21 STAR DEEP(111006)		51,300	51,300	0.68	0	\$0.00	\$34,884.00	\$34,884.00	0.0%
OASIS	TRAY OASIS DP1020 2250/SKD(93142)		43,200	43,200	0.65	0	\$0.00	\$27,907.20	\$27,907.20	0.0%
DCX99C015XL	XMAS99 - LARGE VELVET BOW 4 1/2"(86933)		679,200	679,200	0.06	0	\$0.00	\$37,356.00	\$37,356.00	0.0%
CHEMICALS /FERTILIZERS										
CHFSEG	SEGWAY(96857)		128	128	354.98	0	\$1.42	\$45,437.38	\$45,435.96	0.0%
CHIO369	SAVEY 50 DF (NEW)(106051)		176	176	188.05	0	\$0.00	\$33,096.82	\$33,096.82	0.0%
F15418HNIP	15-4-18 180 PINES(82851)		791	791	43.28	0	\$0.00	\$34,234.95	\$34,234.95	0.0%
F15418HNIP	15-4-18 180 PINES(82851)		560	560	43.96	0	\$0.00	\$24,614.86	\$24,614.86	0.0%
GNCHLOR57	CHLORINATING GRANULES(101479)		2	2	172.29	0	\$0.00	\$344.58	\$344.58	0.0%
CHPC0300	SNAIL BAIT / DEADLINE M-Ps (87870)		78	78	75.02	0	\$0.00	\$5,851.87	\$5,851.87	0.0%
GNBTUBE	TUBE & LID 4.25" TALL(93270)		492,800	492,800	\$0.05	0	\$0.00	\$25,132.80	\$25,132.80	0.0%

TOTAL-SAMPLED 5,864,796 5,935,864 -71,068 (\$12,419.10) \$1,006,013.64 \$1,018,432.75 -1.2%

TOTAL INVENTORY AT 07/21/09 27 \$ 5,159,525.00

PERCENT TESTED 19.5%

COMMENT ON ANY VARIANCE OVER 5%:

Harris Farms, Inc.
INVENTORY TEST COUNT

Location: CNF
Address:
Date of Count: July 21,2009

WAREHOUSE

ITEM #	DESCRIPTION	UM	QUANTITY		UNIT COST	VARIANCE		VALUE COUNTED	EXTENDED COSTS	% VARIANCE
			COUNT	RECORDS		QUANTITY	AMOUNT			
	HARRIS FARMS - PLANT									
DT04	Tropic Snow	EA	54,724	55,666	0.70	-942	(\$658.03)	\$38,227.15	\$38,885.18	-1.7%
MC1	Dracaena Massangeana Cane		59,402	60,873	2.95	-1,471	(\$4,337.98)	\$175,176.50	\$179,514.48	-2.4%
ASAL6	Cacti Succulent Echeverria		19,200	8,302	\$ 1.30	10,898	\$14,123.81	\$24,883.20	\$10,759.39	131.3%
CAG1	Cacti Agave		3,526	1,907	\$ 3.17	1,619	\$5,135.47	\$11,184.47	\$6,049.00	84.9%
Pen9	Cacti Euphorbia pencil		1,262	2,336	\$ 3.76	-1,074	(\$4,039.31)	\$4,746.38	\$8,785.70	-46.0%
MVJ1	Cacti Mini Variegada Jade		2,780	2,780	\$ 3.89	0	\$0.00	\$10,819.76	\$10,819.76	0.0%
ELC7	Cacti Eup Lactea Compata		864	864	\$ 1.28	0	\$0.00	\$1,103.33	\$1,103.33	0.0%
CP07	Cacti Cereus Peruvianians		3,024	3,024	\$ 1.18	0	\$0.00	\$3,562.27	\$3,562.27	0.0%
CMEL6	Cacti Mamilaria Elongata		11,308	7,287	\$ 1.36	4,021	\$5,468.56	\$15,378.88	\$9,910.32	55.2%
EA10	Cacti Cereus Peruvian		879	898	\$ 4.10	-19	(\$77.94)	\$3,605.66	\$3,683.60	-2.1%
CP10	Cacti Euphorbia Acurensis		1,370	869	\$ 3.79	501	\$1,899.29	\$5,193.67	\$3,294.38	57.7%
CM04	Cacti Assortment		180,817	27,860	\$ 0.61	152,957	\$92,844.90	\$109,755.92	\$16,911.02	549.0%
ELM1	Cacti Euphorbia Millie		7,938	11,804	\$ 3.21	-3,866	(\$12,405.99)	\$25,473.04	\$37,879.04	-32.8%
CAG1	Cacti Agave		1,976	1,104	\$ 3.17	872	\$2,765.98	\$6,267.87	\$3,501.89	79.0%
ASK 6	Cacti Succulent Kalanchoe		360	360	\$ 1.19	0	\$0.00	\$429.12	\$429.12	0.0%
	12 ACRES									
RV06	Palm Sago		131,930	131,930	2.42	0	\$0.00	\$319,018.27	\$319,018.27	0.0%
	20 ACRES									
MC1	Dracaena Massangea Cane		44,266	44,876	2.95	-610	(\$1,798.89)	\$130,540.43	\$132,339.32	-1.4%
	EAST FARMS-PLANT TYPE CROTON									
PE10	Croton Petra		69,539	69,539	4.20	0	\$0.00	\$292,112.95	\$292,112.95	0.0%
MP11	Palm Majesty Multiple		18,712	18,712	3.49	0	\$0.00	\$65,343.88	\$65,343.88	0.0%
	HAINLIN MILLS									
MP11	Palm Majesty Multiple		95,575	87,844	3.49	7,731	\$26,997.30	\$333,755.95	\$306,758.65	8.8%
	PREMIER									
MP11	Palm Majesty Multiple		62,034	67,983	3.49	-5,949	(\$20,774.41)	\$216,627.96	\$237,402.37	-8.8%
STL1	Spath		16,077	16,964	5.20	-887	(\$4,612.40)	\$83,600.40	\$88,212.80	-5.2%
SI10	Sansevieria Laurentii		1,920	2,012	2.84	-92	(\$261.28)	\$5,452.80	\$5,714.08	-4.6%
	MC 60 ACRES									
AR09	ARAUCARIA NORFOLK ISLAND		7,957	7,908	\$2.70	49	\$132.45	\$21,507.77	\$21,375.32	0.6%
AR10	ARAUCARIA NORFOLK ISLAND		15,918	15,918	\$4.23	0	\$0.00	\$67,349.06	\$67,349.06	0.0%
AR12	ARAUCARIA NORFOLK ISLAND		81,949	81,761	\$4.38	188	\$824.00	\$359,182.47	\$358,358.46	0.2%
	ORCHID HOUSE									
LBM5	LUCKY BAMBOO MEDIUM BRAID		1,440	885	\$2.71	555	\$1,504.05	\$3,902.40	\$2,398.35	62.7%
LBS60	LUCKY BAMBOO STRAIGHT STEM		22,700	10,150	\$0.31	12,550	\$3,940.70	\$7,127.80	\$3,187.10	123.6%
LFP04	ORCHID PHALENOPSIS		15,165	1,739	\$2.04	13,426	\$27,415.89	\$30,966.93	\$3,551.04	772.1%
LFP06	ORCHID PHALENOPSIS		8,592	2,522	\$6.75	6,070	\$40,972.50	\$57,996.00	\$17,023.50	240.7%
	MC 5 ACRES GREEN HOUSES									
MC1	DRACAENA MASSANGEANA CANE		3,982	4,006	3.92	-24	(\$94.18)	\$15,625.37	\$15,719.54	-0.6%
WB04	STRELITZIA WHITE BIRD OF PARADISE		2,670	2,655	0.36	15	\$5.34	\$950.52	\$945.18	0.6%
	MC MAIN									
AR06	ARAUCARIA NORFOLK ISLAND		5,400	5,393	\$1.02	7	\$7.17	\$5,529.60	\$5,522.43	0.1%
AR09	ARAUCARIA NORFOLK ISLAND		5,035	5,035	\$2.70	0	\$0.00	\$13,609.61	\$13,609.61	0.0%
CT10	PALM CATERACTERUM		2,514	2,590	\$3.03	-76	(\$229.90)	\$7,604.85	\$7,834.75	-2.9%
HY06	HOYA CANOSA HOOP		5,667	5,667	\$1.37	0	\$0.00	\$7,775.12	\$7,775.12	0.0%
MP11	PALM MAJESTY MULTIPLE		8,539	8,539	\$2.17	0	\$0.00	\$18,504.01	\$18,504.01	0.0%
PR14	PALM PHOENIX ROEBELENI		641	641	\$9.89	0	\$0.00	\$6,336.29	\$6,336.29	0.0%
SM06	SANSEVIERIA MOONSHINE		3,177	3,155	\$0.74	22	\$16.37	\$2,363.69	\$2,347.32	0.7%
TP10	PALM TRIANGLE		2,465	2,446	\$3.10	19	\$58.86	\$7,636.57	\$7,577.71	0.8%
WB11	STRELITZIA WHITE BIRD OF PARADISE		2,349	2,388	\$3.78	-39	(\$147.58)	\$8,888.62	\$9,036.19	-1.6%

Harris Farms, Inc.
INVENTORY TEST COUNT

Location: CNF
Address:
Date of Count: July 21,2009

WAREHOUSE

ITEM #	DESCRIPTION	UM	QUANTITY		UNIT COST	VARIANCE		VALUE COUNTED	EXTENDED COSTS	% VARIANCE
			COUNT	RECORDS		QUANTITY	AMOUNT			
	FANCY COLOR									
HIB7B	BLOOMING HIBISCUS STD		3,240	3,240	0.95	0	\$0.00	\$3,084.48	\$3,084.48	0.0%
MP11	PALM MAJESTY MULTIPLE		2,047	2,173	2.17	-126	(\$273.04)	\$4,435.85	\$4,708.89	-5.8%
PRT1	PALM PHOENIX ROEBELENII		543	543	3.65	0	\$0.00	\$1,979.24	\$1,979.24	0.0%
	TOMATES									
CORD8	PHILODENDRON CORDATUM HB		52	52	1.99	0	\$0.00	\$103.53	\$103.53	0.0%
DRR6	DRACAENA RICKII		2,344	3,120	0.73	-776	(\$564.93)	\$1,706.43	\$2,271.36	-24.9%
PO008	EPIPREMNUM GOLDEN POTHOS HB		224	224	1.82	0	\$0.00	\$408.35	\$408.35	0.0%
SLL8B	DRACAENA LEMON LIME		5,380	5,244	1.69	136	\$229.16	\$9,065.30	\$8,836.14	2.6%

TOTAL-SAMPLED 999,473 803,788 195,685 \$174,065.95 \$2,545,899.71 \$2,371,833.76 7.3%

TOTAL INVENTORY AT 07/21/09 48 \$ 34,737,344.00

PERCENT TESTED 7.3%

COMMENT ON ANY VARIANCE OVER 5%:

CONSULTANTS USED THE QUANTITY ON HAND AS OF MAY-09 INVENTORY.

** THERE HAS BEEN MOVEMENT IN THIS HOUSE AND IN ALL BAYS. THIS IS THE REMAINING OF THE AMOUNT COUNTED ON MAY 15, 2009.

INVENTORY IN THE FIRST 3 FARMS WERE COUNTED WITH THE ASSISTANCE OF ANDY, HFI, THE LAST TWO FARMS CONSULTANTS WERE ASSISTED BY RAFAEL ASSISTANT TO RAIMUNDO HARRIS

ORCHID HOUSE DIFFERENCES

ACCORDING TO GROWER, THE ORCHIDS ARE BEING ELIMINATED FROM GROWING ON HFI FARMS. THIS IS NOW BEING OUTSOURCED AND THE SALE IS BEING MADE BY HFI ON PURCHASED PRODUCTS, NOT GROWN PRODUCTS. AS A RESULT THE COUNTS IN THE ORCHID HOUSES HAVE DRASTICALLY CHANGED AS BAYS ARE BEING CONSOLIDATED INTO ONE OR TWO HOUSES.

INVENTORY GENERAL QUESTIONNAIRE

Note: Information listed below was provided to the Consultant by Mary Harris - CFO
 It must be noted that this listing has not changed since the last examination per Mary Sanchez

1- List all locations of inventory:	Acre	O/L
Harris Farms Inc. - Hollywood Florida	101	O
Algers Property - . Goulds Florida	80	O
Harris Color - Hollywood Florida	51	O
Harris Farms - Hollywood Florida	27.2	O
East Farm - 22753 SW 162 Ave. Goulds Florida	24.5	O
Geerlings - 19901 SW 248 ST. Goulds Florida	19.5	O
Pino - 24401 SW 162 Ave. Goulds Florida	9.02	O
Charles Green Property - 7501 Carol St. Loxahatchee Florida	80	L
Fancy Flora - 19950 SW. 216 St. Goulds Florida	76.5	L
Floraculture - 18201 SW 216 St. Goulds Florida	65	L
New Strano - SE Corner 280 St. 217 Ave. Goulds	58.5	L
Ponte Verda - 22415 SW 167 Ave. Goulds Florida	46.5	L
Case Property - 20500 SW 187 Ave. Goulds Florida	39.5	L
New Strano - 208 St & 192 Ave	33.5	L
Acosta Brothers - 21600 SW 162 Ave. Goulds Florida	29.4	L
Hainlin Mills - 18210 SW 216 St. Goulds Florida	27.5	L
Spear Property - 21900 SW 157 Ave Goulds Florida	20	L
Pioneer Garden - 19901 SW 265 St. Goulds Florida	12.5	L
Cosmi - 21601 SW 167 Ave. Goulds Florida	11.7	L
JV Foliage - 20751 SW 137 Ave. Goulds Florida	10	L
Tomaco North Side - NE Corner of 216 ST & 167 Ave. Goulds Florida	9.95	L
Tomaco North Side - SE Corner of 216 ST & 167 Ave. Goulds Florida	8.61	L
7 Acres - SE Corner 244 St. & 157 Ave. Goulds Florida	7.5	L
Katrina-19951 SW 216 ST Goulds Fla.	60	L
Mike Costa-14201 SW 216 ST-Related Party Goulds,Fla	259.75	L
Las Terrenas-Leased from Mike Costa	5	L
Bear Creek-1468 Bear Crfeek Road,Leicester,NC	17.98	O
Harris Carolina-Mount Carmel	35	L
Harris Carolina-Mount Carmel	5.5	L
Camaguey Properties	35	L
Pipersville	59.96	O
TOTALS ACRES	1327.07	

2- Can landlord waiver be obtained?
 Yes. ONE EXCEPTION STRANO Hollywood FL (INVENTORY IS RESERVRED FOR)
 No. AS OF 6/30/09 \$901M.
 Per Management, this location has now been bought.

3- Any specific storage requirements?
 Yes.
 No.

4- Did you visit all locations?
 Yes.
 No.

Explain any "No" answers:
 Has operations in Pipersville,PA.

5- Did you open cartons randomly?
 Yes.
 No.
 NA

6- Did you noticed any private labeling?
 Yes.
 No.

7- Describe warehouse security from theft and fire.
 The Company has security guards conducts regular patrols in the area.

8- Are there any repurchase agreements from suppliers?
 Yes.
 No.

9- Any supplier's lien's filed?
 Yes.
 No.

INSURANCE REVIEW

AGENT FIRM: Combined Underwriters of Miami

ADDRESS: Miami, FL 33166

TELEPHONE: _____

CONTACT: YASHER

INSURANCE COMPANY: LEXINGTON INSURANCE COMPANIES

POLICY NUMBER: 4271955

EXPIRATION DATE: 05/15/10

CONTENTS COVERAGE: \$10,000,000

Hortica/The Florists' Mutual Insurance Company
 EDWARDSVILLS, IL 62025
 JIM , AGENT
 BP-09616

Harris Carolina, Inc.
 4/24/2009
 Average Coverage 12 months \$4,783.2M(Crops)
 Extension additional coverage crops average 12 Months\$1,195.8M

Is the lender named loss payee? Yes _____
 No X

Hortica/The Florists' Mutual Insurance Company
 EDWARDSVILLS, IL 62025
 JIM, AGENT
 BP-11201
 11/15/2008

(Explain any "No" answers) **Survey**

THE CURRENT LENDER IS NAMED AS LOAN LOSS PAYEE. BANK SHOULD ENSURE THAT THEY ARE LISTED WHEN THE LOAN IS CLOSED.

Harris Pennsylvania Farms LLC
 Average Coverage 12 months \$2,000M. Extension additional coverage average 12 months \$500M.

Is coverage sufficient? Yes _____
 No X

(Explain any "No" answers)
Total inventory at 06/30/09 \$49,124M. Of this amount \$37,720M (76.8%) is the amount of plants in inventory at that time.

Coverage appears to be adequate based on the fact that a large portion of the inventory is in houses and in different stages of growth.

	total inventory	plant inventory
Harris Farms inventory as of 06/30/09 (33825.2)	40,317.7	34737.344
Harris Color inventory as of 06/30/09 (1174.5)	4,850.2	1145.924
Harris Carolina inventory as of 06/30/09 (879.2)	2,758.5	1203.411
Harris Penn Farms inventory as of 06/30/09 (834.2)	1,198.5	633.965
	49,124.9	37,720.6
	49,124.9	76.8%
	100.0%	

Harris Farms, Inc. and Affiliates
 Miami Dade 80 % level Basic units by plant type

	Time Period	80 % Coverage
All Plant types	6/1/08-11/30/08	29,370.5 0.59787
	12/1/07-5/31/08	42,098.0

ACCOUNTS PAYABLE AGING SPREAD

INVOICE DATE _____ x _____
 DUE DATE _____

		CURRENT EXAM AGING DATED 6/30/09		PRIOR EXAM AGING DATED 10/31/08		PRIOR YEAR AGING DATED 6/30/08	
Combined	PURCHASES	AMOUNT	%	AMOUNT	%	AMOUNT	%
1-30		(\$2,022.1)	-51.3%	(\$2,366.8)	-207.0%	\$3,467.2	40.3%
31-60		\$3,138.8	79.7%	\$1,821.1	159.2%	\$3,437.5	39.9%
61-90		\$1,004.9	25.5%	\$1,251.1	109.4%	\$1,121.9	13.0%
Over 90		<u>\$1,818.3</u>	<u>46.2%</u>	<u>\$438.2</u>	<u>38.3%</u>	<u>\$587.0</u>	<u>6.8%</u>
		<u>\$3,939.9</u>	100.0%	<u>\$1,143.6</u>	100.0%	<u>\$8,613.6</u>	100.0%
G/L BALANCE		<u>\$3,939.9</u>					
DIFFERENCE		(\$0.0)					
TURNOVER							

DIFFERENCE EXPLANATION:

6/30/09		Current	31-60	61-90	> 90	Total	G/L Balance
Beauty Garden	2100.01.000.07	2.7	0.7	0.0	0.0	3.5	
Harris Color	HCC 2100.01.000.02	-720.7	191.5	6.5	232.7	-290.1	
Harris Pa.	HPF 2100.01.000.06	58.3	47.8	2.8	10.9	119.7	
Harris NC	HCI 2100.01.000.04	-3.2	50.1	22.8	14.0	83.6	
Harris Farms	HFI 2100.01.000.01	-1,359.2	2,848.7	972.9	1,560.8	4,023.2	
Total		<u>-2,022.1</u>	<u>3,138.8</u>	<u>1,004.9</u>	<u>1,818.3</u>	<u>3,939.9</u>	<u>0.0</u>

Debit Balances							
Beauty Garden	2100.01.000.07	0.0	0.0	0.0	0.0	0.0	
Harris Color	2100.01.000.02	-1,132.0	0.0	0.0	0.0	-1,132.0	
Harris Pa.	2100.01.000.06	-162.6	0.0	0.0	0.0	-162.6	
Harris NC	2100.01.000.04	-151.7	0.0	0.0	-0.2	-151.9	
Harris Nursery	2100.01.000.01	-5,659.0	0.0	0.0	0.0	-5,659.0	
Total		<u>-7,105.4</u>	<u>0.0</u>	<u>0.0</u>	<u>-0.2</u>	<u>-7,105.5</u>	
Adjusted AP Aging		5,083.3	3,138.8	1,004.9	1,818.5	11,045.4	

6/30/08		Current	31-60	61-90	> 90	Total	
Beauty Garden	2100.01.000.07	0.0	0.0	0.0	0.0	0.0	
Harris Color	HCC 2100.01.000.02	740.2	427.3	320.3	135.9	1,623.7	
Harris Pa.	HPF 2100.01.000.06	95.7	363.9	172.6	52.9	685.1	
Harris NC	HCI 2100.01.000.04	356.4	742.7	90.8	72.8	1,262.7	
Harris Farms, liHFI	2100.01.000.01	2,274.9	1,903.7	538.1	325.4	5,042.0	
Total		<u>3,467.2</u>	<u>3,437.5</u>	<u>1,121.9</u>	<u>587.0</u>	<u>8,613.6</u>	

10/31/08		Current	31-60	61-90	> 90	Total	G/L Balance
Beauty Garden	2100.01.000.07	0.0	0.0	0.0	0.0	0.0	0.0
Harris Color	2100.01.000.02	-547.2	359.5	95.9	88.7	-3.0	-3.0
Harris Pa.	2100.01.000.06	68.7	28.4	2.3	0.0	99.3	99.3
Harris NC	2100.01.000.04	63.6	179.0	4.1	26.8	309.5	309.5
Harris Farms		-1,951.9	1,254.3	1,112.9	322.7	737.9	737.9
Total		<u>-2,366.8</u>	<u>1,821.1</u>	<u>1,251.1</u>	<u>438.2</u>	<u>1,143.6</u>	<u>1,143.6</u>

Debit Balances							
Beauty Garden	2100.01.000.07	0.0	0.0	0.0	0.0	0.0	
Harris Color	2100.01.000.02	-1,304.2	0.0	0.0	0.0	-1,304.2	
Harris Pa.	2100.01.000.06	-1.3	0.0	0.0	0.0	-1.3	
Harris NC	2100.01.000.04	-199.3	0.0	0.0	-0.2	-199.5	
Harris Farms	2100.01.000.01	-5,154.3	0.0	0.0	0.0	-5,154.3	
Total		<u>-6,659.1</u>	<u>0.0</u>	<u>0.0</u>	<u>-0.2</u>	<u>-6,659.2</u>	
Adjusted AP Aging		4,292.3	1,821.1	1,251.1	438.4	7,802.9	

10/31/07		Current	31-60	61-90	> 90	Total	
Beauty Garden		1.6	0.0	2.3	0.0	3.9	
Harris Color		-782.7	596.9	227.7	198.3	240.3	
Harris Pa.		144.5	424.1	88.2	285.7	942.5	
Harris NC		256.9	751.1	435.0	124.0	1,567.0	
Harris Farms		1,928.7	2,620.6	715.9	159.3	5,424.5	
Total		<u>1,549.1</u>	<u>4,392.7</u>	<u>1,469.3</u>	<u>767.3</u>	<u>8,178.3</u>	

A/P CONCENTRATIONS

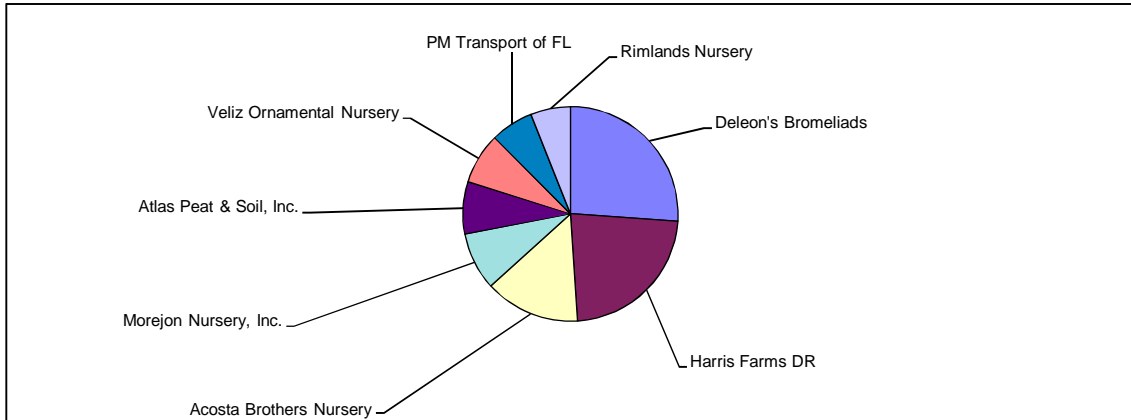
VENDOR NAME	VENDOR NUMBER	SUBSEQUENT		%	TOTAL	1-30	31-60	61-90	Over 90	
		PAYMENTS	TERMS							
Deleon's Bromeliads	01-D6028	\$121.7	30 days	8.7%	\$957.8	\$442.1	\$467.0	\$38.5	\$10.3	
Harris Farms DR	01&02-CNF10	\$0.0	30 days	7.6%	\$838.7	(\$1.2)	\$228.4	\$163.9	\$447.6	I-CO
Acosta Brothers Nursery	01-A1600	\$110.0	30 days	4.8%	\$527.9	\$7.1	\$334.2	\$110.0	\$76.5	
Morejon Nursery, Inc.	01-C7286	\$65.3	30 days	2.9%	\$319.8	\$102.5	\$217.3	\$0.0	\$0.0	
Atlas Peat & Soil, Inc.	01-A7300	\$203.8	30 days	2.6%	\$288.4	\$288.4	\$0.0	\$0.0	\$0.0	
Veliz Ornamental Nursery	01-I1938	\$51.2	30 days	2.6%	\$283.0	\$231.8	\$51.2	\$0.0	\$0.0	
PM Transport of FL	01-P1010	\$0.0	30 days	2.1%	\$236.5	(\$490.7)	\$0.0	\$128.5	\$598.7	I-CO
Rimlands Nursery	01-R0111	\$105.7	30 days	2.0%	\$221.0	\$213.9	\$7.1	\$0.0	\$0.0	
Midwest Coast Logistics, LLC	01-M4876	\$494.7	30 days	2.0%	\$218.3	(\$32.8)	\$150.2	\$100.9	\$0.0	
JA's Nursery of Dade, Inc.	01-J8274	\$148.3	30 days	1.9%	\$204.9	(\$139.2)	\$276.7	\$67.4	\$0.0	
TOTAL		\$1,300.7		37.1%	\$4,096.3	\$621.9	\$1,732.1	\$609.2	\$1,133.1	

TOTAL ACCOUNTS PAYABLE	Net	<u>\$11,045.4</u>
DEBIT BALANCES		7,105.50
ACCOUNTS PAYABLE PER AGING		\$3,939.90

COMMENTS:

Some accounts require advance payments for future deliveries, the total advance payments as of 6/30/09 was \$6,441M.

PM Transport of FL - is an intercompany account, with terms noted as 30 days, but is paid based on PM's requirements.



2100.01.000.001	A/P and Accrued Expenses	ACCOUNTS PAYABLE - CNF	(\$9,055,608.31)	\$17,212,196.34	\$12,179,782.59	\$5,032,413.74	(\$4,023,194.57)
2100.02.000.001		A/P AND ACCRUED EXPENSES ACCOUNTS PAYABLE ACCRUAL - CNF	-4871833.76	4891833.76	4488494.15	403339.61	(\$4,468,494.15)
2200.02.000.001	A/P and Accrued Expenses	SALES TAXES PAYABLE - CNF	(\$114,980.41)	\$2,804.29	\$23,175.62	(\$20,371.33)	(\$135,351.74)
2200.99.000.001	A/P AND ACCRUED EXPENSES	OTHER ACCRUED EXPENSES - CNF with MCF LAND	(\$1,301,790.00)	\$0.00	\$157,830.00	(\$157,830.00)	(\$1,459,620.00)
2202.01.000.001		A/P AND ACCRUED EXPENSES ACCRUED PAYROLL - CNF	-797425.91	797425.91	944036.4	-146610.49	(\$944,036.40)
2202.02.000.001	A/P AND ACCRUED EXPENSES	ACCRUED BONOUSES - CNF	(\$29,723.00)	\$0.00	\$0.00	\$0.00	(\$29,723.00)
2203.01.000.001	A/P AND ACCRUED EXPENSES	ACCRUED LEGAL EXPENSES	\$0.00	\$0.00	\$11,000.00	(\$11,000.00)	(\$11,000.00)
2204.01.000.001		A/P AND ACCRUED EXPENSES ACCRUED AUDIT FEES	-130877.12	0	21000	-21000	(\$151,877.12)
2205.01.000.001	A/P AND ACCRUED EXPENSES	ACCRUED INTEREST EXPENSE LOC	(\$100,000.00)	\$100,000.00	\$0.00	\$100,000.00	\$0.00
2205.02.000.001	A/P AND ACCRUED EXPENSES	ACCRUED INTEREST: TERM LOAN	(\$37,730.05)	\$0.00	\$25,000.00	(\$25,000.00)	(\$62,730.05)
2206.01.000.001		A/P and Accrued Expenses ACCRUED 401K EXPENSE - CNF	-3500	0	17500	-17500	(\$21,000.00)
2210.04.000.001	A/P and Accrued Expenses	ACCRUED SALES REBATES - CNF	\$1,077,880.87	\$2,380,724.29	\$629,571.88	\$1,751,152.41	\$2,829,033.28
2210.06.000.001	A/P AND ACCRUED EXPENSES	ACCRUED VACATION EXPENSE - CNF	(\$746,028.38)	\$0.00	\$2,500.00	(\$2,500.00)	(\$748,528.38)
2214.02.000.001		A/P and Accrued Expenses PAYROLL - STALE CHECKS - CNF	-67652.03	0	1382.59	-1382.59	(\$69,034.62)
2265.01.000.001	A/P and Accrued Expenses	OTHER CURRENT LIABILITIES - CNF	-230000	0	50000	-50000	(\$280,000.00)
2265.02.000.001	A/P and Accrued Expenses	ACCRUED INSURANCE - CNF	-94237.48	0	0	0	(\$94,237.48)
2266.01.000.001	A/P AND ACCRUED EXPENSES	WORKMEN COMPENSATION RESERVE - CNF	-329348	0	0	0	(\$329,348.00)
2270.01.000.001	A/P and Accrued Expenses	PROPERTY TAXES PAYABLE - CNF	-410969.31	0	40000	-40000	(\$450,969.31)
		Reclass Negative Cash					(\$1,574,836.44)
2100.01.000.002	A/P and Accrued Expenses	ACCOUNTS PAYABLE - CC	-261708.27	2932088.13	2380286.32	551801.81	\$290,093.54
2100.02.000.002	A/P AND ACCRUED EXPENSES	ACCOUNTS PAYABLE ACCRUAL- CC	-601078.36	658784.49	813818.28	-155033.79	(\$756,112.15)
2200.02.000.002	A/P and Accrued Expenses	SALES TAXES PAYABLE - CC	59.29	153.19	48.9	104.29	\$163.58
2202.01.000.002	A/P AND ACCRUED EXPENSES	ACCRUED PAYROLL - CC	-187136.69	187136.69	223515.36	-36378.67	(\$223,515.36)
2206.01.000.002	A/P and Accrued Expenses	ACCRUED 401K EXPENSE - CC	-600	0	3000	-3000	(\$3,600.00)
2210.04.000.002	A/P and Accrued Expenses	ACCRUED SALES REBATES - CC	-2126450.68	0	157536.8	-157536.8	(\$2,283,987.48)
2210.06.000.002	A/P AND ACCRUED EXPENSES	ACCRUED VACATION COSTA COLOR	-254742.72	0	1000	-1000	(\$255,742.72)
2214.02.000.002	A/P AND ACCRUED EXPENSES	PAYROLL - STALE CHECKS - CC	-21101.79	0	1062.37	-1062.37	(\$22,164.16)
2265.01.000.002	A/P and Accrued Expenses	OTHER CURRENT LIABILITIES - CC	-50000	0	10000	-10000	(\$60,000.00)
2266.01.000.002	A/P AND ACCRUED EXPENSES	WORKMEN COMPENSATION RESERVE - CC	-173716	0	0	0	(\$173,716.00)
		Reclass Negative Cash					(\$228,718.45)
2100.01.000.004	A/P and Accrued Expenses	ACCOUNTS PAYABLE - CRL	(\$798,065.12)	\$1,478,036.08	\$763,580.20	\$714,455.88	(\$83,609.24)
2100.02.000.004	A/P AND ACCRUED EXPENSES	ACCOUNTS PAYABLE ACCRUAL- CRL	(\$776,265.63)	\$781,665.63	\$840,691.41	(\$59,025.78)	(\$835,291.41)
2200.02.000.004	A/P and Accrued Expenses	SALES TAXES PAYABLE - CRL	(\$78.58)	\$1.06	\$40.47	(\$39.41)	(\$117.99)
2200.99.000.004	A/P and Accrued Expenses	OTHER ACCRUED EXPENSES - CRL	(\$381,600.00)	\$0.00	\$0.00	\$0.00	(\$381,600.00)
2202.01.000.004	A/P AND ACCRUED EXPENSES	ACCRUED PAYROLL - CRL	(\$79,611.61)	\$79,611.61	\$84,073.72	(\$4,462.11)	(\$84,073.72)
2210.04.000.004	A/P and Accrued Expenses	ACCRUED SALES REBATES - CRL	(\$1,512,579.62)	\$0.00	\$231,767.71	(\$231,767.71)	(\$1,744,347.33)
2210.06.000.004	A/P AND ACCRUED EXPENSES	ACCRUED VACATION CAROLINA	(\$58,105.38)	\$0.00	\$500.00	(\$500.00)	(\$58,605.38)
2214.02.000.004	A/P AND ACCRUED EXPENSES	PAYROLL - STALE CHECKS - CRL	(\$8,901.96)	\$0.00	\$0.00	\$0.00	(\$8,901.96)
2265.01.000.004	A/P AND ACCRUED EXPENSES	OTHER CURRENT LIABILITIES - CRL	(\$16,000.00)	\$0.00	\$2,000.00	(\$2,000.00)	(\$18,000.00)
2266.01.000.004	A/P AND ACCRUED EXPENSES	WORKMEN COMPENSATION RESERVE - CRL	(\$3,470.00)	\$0.00	\$0.00	\$0.00	(\$3,470.00)
		Reclass Negative Cash					(\$134,519.71)
2100.01.000.006	A/P and Accrued Expenses	ACCOUNTS PAYABLE - CPF	(\$344,442.02)	\$836,226.01	\$611,508.59	\$224,717.42	(\$119,724.60)
2100.02.000.006	A/P AND ACCRUED EXPENSES	ACCOUNTS PAYABLE ACCRUAL- CPF	(\$502,821.54)	\$516,623.54	\$395,233.36	121390.18	(\$381,431.36)
2200.02.000.006	A/P and Accrued Expenses	SALES TAXES PAYABLE - CPF	(\$200.38)	\$0.00	\$143.08	(\$143.08)	(\$343.46)
2200.99.000.006	A/P and Accrued Expenses	OTHER ACCRUED EXPENSES	(\$269,020.00)	\$0.00	\$0.00	\$0.00	(\$269,020.00)
2202.01.000.006	A/P AND ACCRUED EXPENSES	ACCRUED PAYROLL - CPF	-21537.73	21537.73	26249.8	-4712.07	(\$26,249.80)
2206.01.000.006	A/P and Accrued Expenses	ACCRUED 401K EXPENSE - CPF	-150	0	750	-750	(\$900.00)
2210.04.000.006	A/P and Accrued Expenses	ACCRUED SALES REBATE - CPF	-462097.05	0	84327.11	-84327.11	(\$546,424.16)
2210.06.000.006	A/P AND ACCRUED EXPENSES	ACCRUED VACATION COSTA PENN	-39572.53	0	500	-500	(\$40,072.53)
2214.02.000.006	A/P and Accrued Expenses	PAYROLL - STALE CHECKS - CPF	-2329.68	0	0	0	(\$2,329.68)
2266.01.000.006	A/P and Accrued Expenses	WORKMEN COMPENSATION RESERVE - CPF	-13488	0	0	0	(\$13,488.00)
		Reclass Negative Cash					(\$113,740.56)

2100.01.000.001	A/P and Accrued Expenses	ACCOUNTS PAYABLE - CNF	(\$9,055,608.31)	\$17,212,196.34	\$12,179,782.59	\$5,032,413.74	(\$4,023,194.57)
2100.01.000.007	A/P and Accrued Expenses	ACCOUNTS PAYABLE - GARDEN VISION	(\$2,912.96)	\$53,569.28	\$54,118.42	(\$549.14)	(\$3,462.10)
2100.02.000.007	A/P and Accrued Expenses	ACCOUNTS PAYABLE ACCRUAL - CCM	(\$14,035.18)	\$14,035.18	\$0.00	\$14,035.18	\$0.00
2202.01.000.007	A/P AND ACCRUED EXPENSES	ACCRUED PAYROLL - GV	(\$163,284.16)	\$163,284.16	\$142,504.41	\$20,779.75	(\$142,504.41)
2206.01.000.007	A/P and Accrued Expenses	ACCRUED 401K EXPENSE - CCM	(\$1,200.00)	\$0.00	\$6,000.00	(\$6,000.00)	(\$7,200.00)
2210.06.000.007	A/P AND ACCRUED EXPENSES	ACCRUED VACATION GARDEN VISION	(\$229,593.00)	\$0.00	\$1,000.00	(\$1,000.00)	(\$230,593.00)
2214.02.000.007	A/P AND ACCRUED EXPENSES	PAYROLL - STALE CHECKS - GV	(\$20,121.13)	\$0.00	\$114.25	(\$114.25)	(\$20,235.38)
2266.01.000.007	A/P AND ACCRUED EXPENSES	WORKMEN COMPENSATION RESERVE - GV	(\$334,823.99)	\$0.00	\$0.00	\$0.00	(\$334,823.99)
		Reclass Negative Cash					(\$1,207.99)
		Reclass Advance to suppliers					(\$5,556,305.47)
							(\$26,904,840.41)

VENDOR INVOICE TEST

VENDOR NUMBER	VENDOR NAME	LOCATION	INVOICE		DISCOUNT TAKEN	AGING DATE	INVOICE DATE	AGE	CHECK NUMBER	CHECK DATE	CHECK AMOUNT	CANCELLED CLEAR DATE	INVOICE DATE TO CHECK DATE	CHECK DATE TO CLEAR DATE	STATED TERMS
			NUMBER	AMOUNT											
01-P1010	PM Transport of FL	CNF	1973	2,581.5		06/30/09	12/11/08	201	Wire 283	03/05/09	202,679.3	03/05/09	84		0 30 days
01-P1010	PM Transport of FL	CNF	1958	2,010.5		06/30/09	12/08/08	204	Wire 283	03/05/09	202,679.3	03/05/09	87		0 30 days
01-P1010	PM Transport of FL	CNF	1825	2,234.6		06/30/09	11/17/08	225	Wire 283	03/05/09	202,679.3	03/05/09	108		0 30 days
01-P1010	PM Transport of FL	CNF	3001	127,733.0		06/30/09	05/31/09	30	Wire 284	06/09/09	127,733.0	06/09/09	9		0 30 days
01-P1010	PM Transport of FL	CNF	2009-0035	433,319.0		06/30/09	03/13/09	109	Wire 4365	06/01/09	200,000.0	06/01/09	80		0 30 days
01-W7261	Willis Shaw Logistics	CNF	6579381	4,568.6		06/30/09	04/21/09	70	118561	06/10/09	292,633.7	06/16/09	50		6 15 days
01-W7261	Willis Shaw Logistics	CNF	6663926	7,350.7		06/30/09	05/04/09	57	118561	06/10/09	292,633.7	06/16/09	37		6 15 days
01-W7261	Willis Shaw Logistics	CNF	6665497	4,941.7		06/30/09	05/06/09	55	118561	06/10/09	292,633.7	06/16/09	35		6 15 days
01-M4876	Midwest Coast	CNF	6577927	3,266.4		06/30/09	04/24/09	67	118302	06/01/09	18,254.8	06/11/09	38		10 7 days
01-M4876	Midwest Coast	CNF	629553	9,217.6		06/30/09	05/06/09	55	118553	06/10/09	273,930.0	06/16/09	35		6 7 days
01-D6548	Diel-Jerue	CNF	6579795	5,878.7		06/30/09	05/13/09	48	118852	06/22/09	253,669.9	06/25/09	40		3
01-F8666	Florikan	CNF	359884	34,080.0		06/30/09	05/31/09	30	118355	06/04/09	203,241.6	06/10/09	4		6 Net 60
01-F8666	Florikan	CNF	360234	30,560.0		06/30/09	04/21/09	70	118355	06/04/09	203,241.6	06/10/09	44		6 Net 60
01-O2473	Omega Farm	CNF	76530	12,168.8		06/30/09	03/31/09	91	117820	05/15/09	134,610.1	05/28/09	45		13 Net 30
01-C9363	Container Centralen	CNF	1620	51,957.1		06/30/09	01/31/09	150	117715	05/08/09	99,274.9	05/21/09	97		13 30 days
01-A7300	Atlas Peat	CNF	306709	2,353.6		06/30/09	02/19/09	131	116549	03/27/09	84,774.2	04/02/09	36		6 Net 30
01-W3137	Windy Hill	CNF	147160	2,767.5		06/30/09	04/28/09	63	118560	06/10/09	128,552.4	06/15/09	43		5 30 days
01-W3137	Windy Hill	CNF	147154	2,880.1		06/30/09	04/28/09	63	118560	06/10/09	128,552.4	06/15/09	43		5 30 days
10-E7225	E-Z Shipper Rack	CNF	7983	13,300.0		06/30/09	03/27/09	95	118466	06/09/09	237,100.0	06/16/09	74		7 Net 30
01-R0111	Rimland	CNF	50951	104,016.0		06/30/09	02/13/09	137	116704	04/03/09	104,016.0	04/09/09	49		6 Net 30

part paid

TOTAL \$857,185.28

TOTAL A/P \$3,939.9

PERCENTAGE TESTED 21.8%

COMMENTS:

NOTES PAYABLE SCHEDULE

PAYEE	G/L Number	Comments	COLLATERAL	TERMS	MONTHLY PAYMENT	CURRENT PORTION	LONG TERM	TOTAL
Citibank - LOC	2230.01.000.016		A/R and Inventory			\$10,589.3	\$0.0	\$10,589.3
Key Bank -Swamp	2235.02.000.019		Equipment				\$1,834.7	\$1,834.7
Key Bank -Swamp 2	2235.03.000.019		Equipment			\$435.3		\$435.3
Citibank - Term Loan	2254.01.000.001		A/R and Inventory				\$8,000.0	\$8,000.0
Phantom		2	Stock Option			\$910.0	\$0.0	\$910.0
Citibank (Mtge) CNF	2255.01.000.100		Building		\$474.0		\$25,365.0	\$25,365.0
Citibank - Joma	2261.01.000.300				\$72.0		\$3,936.0	\$3,936.0
Notes Payable for CC	2265.01.000.002		Equipment			\$60.0	\$0.0	\$60.0
Note Payable for Crl	2265.01.000.004		Equipment		\$1.1	\$18.0	\$0.0	\$18.0
Varilease - CC	2252.01.000.002		Racks		\$105.7		\$412.9	\$412.9
Varilease - CNF	2251.01.000.001		Racks		\$24.4		\$78.3	\$78.3
Citibank (LT Lease)	2250.01.000.002		Racks				\$347.0	\$347.0
Citicorp (ST Lease)	2251.01.000.002		Racks			\$558.2		\$558.2

TOTAL \$12,570.8 \$39,973.9 \$52,544.7

COMMENTS:

2. This payment is due the former owner of Costa Carolina

CASH RECEIPTS

PART I - COLLECTIONS AND REMITTANCES

DESCRIPTION	MONTHS					
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
A/R Collection	\$10,841.0	\$10,114.0	\$17,187.0	\$19,734.0	\$34,515.0	\$50,522.0
Non A/R Cash	\$39.8	\$65.3	\$208.2	\$954.8	\$109.7	\$1,348.9

Total	\$10,880.8	\$10,179.3	\$17,395.2	\$20,688.8	\$34,624.7	\$51,870.9
Deposit to Lockbox	\$11,186.1	\$10,294.7	\$17,588.9	\$20,740.0	\$32,991.2	\$52,820.6
Difference	\$305.4	\$115.4	\$193.7	\$51.2	(\$1,633.6)	\$949.7

PART II - DEPOSITS INTO LOCKBOX ACCOUNT - CITIBANK

DESCRIPTION	MONTHS					
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
A/R Cash	\$11,186.1	\$10,294.7	\$17,588.9	\$20,740.0	\$32,991.2	\$52,820.6

Total	\$11,186.1	\$10,294.7	\$17,588.9	\$20,740.0	\$32,991.2	\$52,820.6
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PART III - DEPOSITS INTO OTHER ACCOUNTS

Citibank Master Funding Account #

DESCRIPTION	MONTHS					
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
	\$19,050.9	\$52,635.7	\$18,484.1	\$29,814.6	\$33,303.1	\$52,635.7

Total	\$19,050.9	\$52,635.7	\$18,484.1	\$29,814.6	\$33,303.1	\$52,635.7
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BANK RECONCILIATION

(In 000's)

ACCT. #: _____
 TYPE: MASTER FUNDING
 BANK: CITIBANK

DESCRIPTION	MONTHS					
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
BOM Bank Balance	\$567.5	\$1,495.3	\$907.3	\$1,584.4	\$2,587.7	\$3,301.6
Cash Receipts	\$19,050.9	\$12,087.4	\$18,484.1	\$29,814.6	\$33,303.1	\$52,635.7
Debit Adjustments						
Cash Disbursements	\$18,123.2	\$12,675.4	\$17,806.9	\$28,811.3	\$32,589.2	\$53,265.3
Credit Adjustments						
EOM Bank Balance	\$1,495.3	\$907.3	\$1,584.4	\$2,587.7	\$3,301.6	\$2,672.0
Outstanding Checks	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deposits in Transit						
Other (+/-)						
Balance Per Book	\$1,495.3	\$907.3	\$1,584.4	\$2,587.7	\$3,301.6	\$2,672.0

COMMENTS:

TAX REVIEW QUESTIONNAIRE

- 1 Are depositories being used? Yes
 No
- 2 Did you examine if checks have cleared? Yes
 (Explain "No" answer) No

The Company utilizes the payroll services of ADP. Examiner traced tax payments to the Company's bank statements. Payroll Taxes appeared current.

- 3 Are stamped bank receipts obtained? Yes
 No

- 4 If payroll taxes are delinquent, what arrangements were made to pay?
None noted
-

- 5 If taxes are delinquent: N/A
 a) Did you contact the lender? Yes
 No
 b) Were tax searches ordered? Yes
 No

6 When was the latest 941 filed? Jul-09

- 7 Were sales tax payments current? Yes
 No

- 8 Were income taxes current? N/A
 (N/A for "S" corporations) Yes
 No

COMPANY NAME: Harris Farms, Inc.

(In 000's)

FINANCIALS AS OF:	YEAR END					
	06/30/09	06/30/08	12/31/08	12/31/07	12/31/06	12/31/05
Cash	\$6,703.3	\$10,975.1	\$3,204.5	\$6,990.0	\$4,411.0	\$920.8
Accounts Receivable	\$44,213.2	\$41,297.0	\$23,498.7	\$21,403.0	\$25,113.0	\$18,516.6
Allowance for doubtful accounts			(\$1,110.0)	(\$1,100.0)	(\$1,500.0)	
Inventory	\$52,995.9	\$51,067.5	\$71,104.5	\$65,512.0	\$57,434.0	\$41,112.5
Inter-co A/R (A/P)	\$8,353.0	\$7,832.1				
Prepays	\$6,309.2	\$4,717.4	\$7,595.6	\$365.0	\$591.0	\$1,362.2
Current Assets	\$118,574.6	\$115,888.9	\$104,293.2	\$93,170.0	\$86,049.0	\$61,912.2
Fixed Assets	\$86,188.2	\$90,336.9	\$120,774.7	\$118,235.0	\$106,777.0	\$12,963.6
Accumulated Depreciation			\$29,433.8	\$23,125.0	\$17,006.0	
Net Fixed Assets	\$86,188.2	\$90,336.9	\$91,340.9	\$95,110.0	\$89,771.0	\$12,963.6
Other Assets	\$3,708.5	(\$193.4)	\$4,806.3	\$2,234.0	\$2,156.0	\$579.1
Intangible Assets						
Total Assets	\$208,471.3	\$206,032.4	\$200,440.4	\$190,514.0	\$177,976.0	\$75,454.8
Bank Revolver			\$28,589.3	\$33,100.0	\$30,700.0	
Current Portion on Capital Lease	\$556.7	\$556.7	\$609.1			
Current Portion Long Term Debt	\$14,456.9	\$19,091.1	\$4,068.1	\$12,594.0	\$9,335.0	\$19,230.0
Accounts Payable & accrued Exp.	\$27,333.5	\$27,127.9	\$23,552.4	\$21,794.0	\$21,489.0	\$13,842.8
Intercompany						\$12,381.6
Accrued Expenses						
Income Tax Payable				\$557.0	\$361.0	
Current Liabilities	\$42,347.1	\$46,775.7	\$56,818.9	\$68,045.0	\$61,885.0	\$45,454.4
Long Term Debt	\$76,461.3	\$80,807.2	\$80,739.0	\$64,151.0	\$66,600.0	\$4,555.6
Capital Lease	\$839.7	\$1,336.8	\$1,119.6	\$1,611.0	\$1,321.0	
Other Liabilities	\$4,104.0		\$4,126.9	\$1,068.0		
Total Long Tern Debt	\$81,405.0	\$82,144.0	\$85,985.5	\$66,830.0	\$67,921.0	\$4,555.6
Subordinated Debt						
Affiliates equity			\$2,620.9	\$3,747.0	\$4,772.0	
Other Long Term Liabilities						\$288.0
Total liabilities	\$123,752.1	\$128,919.7	\$145,425.4	\$138,622.0	\$134,578.0	\$50,298.1
Controlling and managing interest	\$4,743.1					
Preferred Stock						
Capital Stock	\$3.1	\$33.8	\$3.1	\$3.1	\$3.1	\$3.1
Add'l Paid-in Capital	\$1,138.2	\$2,963.1	\$542.4	\$542.4	\$542.4	\$542.4
Accum. Other comprehensive loss	(\$4,076.8)	(\$1,045.4)	(\$3,650.1)	(\$1,018.0)	(\$87.0)	(\$287.9)
Treasury Stock						
Retained Earnings	\$82,911.5	\$75,161.2	\$58,119.6	\$52,365.0	\$42,940.0	\$24,899.2
Net Worth	\$79,976.1	\$77,112.7	\$55,015.1	\$51,892.5	\$43,398.5	\$25,156.8
Total Liabilities and Net Worth	\$208,471.3	\$206,032.4	\$200,440.4	\$190,514.5	\$177,976.5	\$75,454.8

COMPANY NAME:

Harris Farms, Inc.

FINANCIALS AS OF:	6 MONTHS ENDED		YEAR END			
	06/30/09	06/30/08	12/31/08	12/31/07	12/31/06	12/31/05
Sales	\$165,701.1	\$148,890.2	\$230,876.5	\$223,551.0	\$184,733.0	\$146,929.9
Cost Of Sales	\$111,451.7	\$108,221.4	\$172,577.3	\$159,748.0	\$112,588.0	\$94,011.2
Gross Profit	\$54,249.4	\$40,668.9	\$58,299.2	\$63,803.0	\$72,145.0	\$52,918.7
Selling, General & Admin. Expenses	\$25,411.6	\$25,923.6	\$43,478.3	\$38,220.0	\$39,277.0	\$37,308.1
Depreciation (-)			\$7,100.0	\$6,300.0	\$4,500.0	
Net Operating Profit	\$28,837.8	\$14,745.3	\$7,720.9	\$19,283.0	\$28,368.0	\$15,610.6
Interest Expense	\$2,771.4	\$3,316.7	\$6,459.2	\$7,270.0	\$5,205.0	\$2,961.5
Minority Interest						
Other Expense	\$0.0	(\$8,000.0)	(\$495.9)	\$542.0	(\$46.0)	
Other Income	(\$905.0)					\$157.5
Profit Before Tax	\$25,161.5	\$19,428.6	\$1,757.5	\$11,471.0	\$23,209.0	\$12,806.5
(Income) loss attributable to affiliates	\$0.0	(\$1,008.6)	(\$1,452.3)	(\$2,312.0)	(\$4,598.0)	\$424.2
unrealized loss in foreign currency translation			\$161.0	(\$2.0)	\$28.0	(\$20.9)
Unrealized gain(loss) in fair derivative fin'l instr			(\$3,031.4)	(\$1,166.0)	\$475.0	(\$354.7)
Amort. Of derivative instrument's accum change in fair value						\$331.7
Insurance Recoveries			\$8,080.0	\$265.0	\$10,470.0	
Net Profit	\$25,161.5	\$18,420.0	\$5,514.9	\$8,256.0	\$29,584.0	\$13,186.8

Fact Sheet						
Current Assets	\$118,574.6	\$115,888.9	\$104,293.2	\$93,170.0	\$86,049.0	\$61,912.2
Current Liabilities	\$42,347.1	\$46,775.7	\$56,818.9	\$68,045.0	\$61,885.0	\$45,454.4
Working Capital	\$76,227.5	\$69,113.2	\$47,474.3	\$25,125.0	\$24,164.0	\$16,457.7
Fixed Assets	\$86,188.2	\$90,336.9	\$91,340.9	\$95,110.0	\$89,771.0	\$12,963.6
Long Term Debt	\$76,461.3	\$80,807.2	\$80,739.0	\$64,151.0	\$66,600.0	\$4,555.6
Subordinated Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Tangible Net Worth (TNW)	\$69,958.4	\$77,112.7	\$42,613.2	\$49,293.5	\$40,651.5	\$23,215.5
TNW + Subordinated Debt	\$69,958.4	\$77,112.7	\$42,613.2	\$49,293.5	\$40,651.5	\$23,215.5
Current Ratio	2.8	2.5	1.8	1.4	1.4	1.4
Quick Ratio	1.2	1.1	0.5	0.4	0.5	0.4
Net Worth Ratio	1.8	1.7	3.4	2.8	3.3	2.2
TNW + Subordinated Debt Ratio	1.8	1.7	3.4	2.8	3.3	2.2
GPM/Sales	32.7%	27.3%	25.3%	28.5%	39.1%	36.0%
CGS/Sales	67.3%	72.7%	74.7%	71.5%	60.9%	64.0%
SGA/Sales	15.3%	17.4%	18.8%	17.1%	21.3%	25.4%
NOP/Sales	17.4%	9.9%	3.3%	8.6%	15.4%	10.6%
NPAT/Sales	15.2%	12.4%	2.4%	3.7%	16.0%	9.0%
AR/DOH	48.3	50.5	37.3	34.9	49.6	46.0
INV/DOH	86.1	85.9	150.8	149.7	186.2	159.6
AP/DOH	44.4	45.6	49.9	49.8	69.7	53.7
AE/DOH	0.0	0.0	0.0	0.0	0.0	0.0