

September 7, 2017

e-mail: gberman@dsi.biz

To the Creditors and Shareholders of:

UNCLE MILTON INDUSTRIES, INC.
29209 Canwood Street, Suite 120
Agoura Hills, CA 91301

Re: Status Report on the Assignment for the Benefit of Creditors

Dear Sir or Madam:

As you were previously advised, Uncle Milton Industries, Inc. (the “Company”) made an assignment for the benefit of creditors pursuant to California law, in favor of DSI Assignments, LLC, (the “Assignee”) on March 29, 2017 (the “Assignment”). The Assignment was authorized by the Company’s Board of Directors and its sole shareholder.

Further, creditors will recall that the Company was also party to a secured credit facility with East West Bank (“EWB”), which had a lien on substantially all of the Company’s assets to secure the loan to the Company. As of the date of the Assignment, EWB was owed in excess of \$7,377,357, plus accrued and accruing interest, attorneys’ fees and other fees and expenses. The Company was also indebted to a mezzanine lender, Midwest Mezzanine Fund V, L.P. (“MMFV”), in the approximate amount of \$4,000,000. This mezzanine debt was unsecured. The Assignee has not uncovered any additional assets that would result in a reduction of the still outstanding EWB secured claim; that secured claim was in excess of \$7 million at the time of the general assignment.

The Assignee still has to complete its review of transactions within the ninety days immediately before the execution of the general assignment to determine whether there are any voidable preferences under California law. That process should be completed in the next three months and thereafter demands, if any, will be made to affected creditors.

Enclosed with this Report creditors will find a Statement of Condition, which is an unaudited Balance Sheet for the Company as of the making of the general assignment. Our initial notice included a Proof of Claim form that must be completed and returned to the Assignee no later than September 19, 2017, along with any documents substantiating the claim. Creditors who fail to file their proofs of claim by that date will not be entitled to share in any distribution arising out of the liquidation of the Company’s assets. Additional information regarding this matter can be found on the Assignee’s website, <http://www.dsiassignments.com/case.asp?id=98> (Uncle Milton Industries).

LOS ANGELES

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Please do not hesitate to contact the undersigned, or Matthew Sorenson (msorenson@dsi.biz) by e-mail or by telephone at (213) 617-2717 should you have any questions about this matter.

Thank you for your consideration and cooperation in this matter.

Very truly yours,

Development Specialists, Inc.
Solely as Assignee for the Benefit of
Creditors of Uncle Milton Industries, Inc.



By

Geoffrey L. Berman

Enclosure (Statement of Condition)

Uncle Milton Industries, Inc.
Statement of Condition
As of March 31, 2017

Assets

Current Assets

Cash	57,673	
Accounts Receivable (net)	2,756,871	
Inventory	1,975,695	
Prepaid Expenses	407,762	
Total Current Expenses		5,198,001

Fixed Assets

Fixed Assets	1,884,361	
Less: Accumulated Depreciation	(1,064,103)	
Deferred Tax Provision	-	
Deposits	628,389	
Intangibles (net)	954,043	
Goodwill (net)	7,045,513	
Total Non-Current Assets		9,448,203

Total Assets

14,646,204

Liabilities & Shareholder Equity

Current Liabilities

EastWest Bank Line of Credit	2,820,333	
EastWest Bank current portion L-T Debt	600,000	
Accounts Payable	6,793,448	
Customer Deposits	73,560	
Accrued Expenses	769,281	
Income Taxes Payable	(1,414,418)	
Total Current Liabilities		9,642,204

EastWest Bank L-T Debt

EastWest Bank L-T Debt	3,700,000	
Mid-West Note Payable	3,345,695	
Notes Payable Other	8,559	
Deferred Tax Liability	(2,260,441)	
Total Long Term Debt		4,793,813

Total Liabilities

14,436,017

Shareholder Equity

Equity	11,502,185	
Retained Earnings	(9,008,409)	
Net Profit/Loss	(2,283,591)	
Total Shareholder Equity		<u><u>210,185</u></u>

Total Liabilities & Shareholder Equity

14,646,202