ORIGINAL

Monthly Operating Report

CASE NAME:	Mosaic sales Solutions (III) Inc.
CASE NUMBER:	02-81443
JUDGE:	The Honorable Harlin D. Hale

ACCRUAL BASIS

02/13/95, RWD, 2/96

UNITED STATES BANKRUPTCY COURT

NORTHERN_____DISTRICT OF_____ TEXAS

6 _____ DIVISION

MONTHLY OPERATING REPORT

Period May 19, 2003 to July 3, 2003

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

VP FINANCE
TITLE

W. STOTHERS
PRINTED NAME OF RESPONSIBLE PARTY

30-07-03
DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER

TITLE

PRINTED NAME OF PREPARER

DATE

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FILED
JUL 31 2003
CLERK
By

Monthly Operating Report

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RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY _____ TITLE

PRINTED NAME OF RESPONSIBLE PARTY _____ DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER _____ TITLE

PRINTED NAME OF PREPARER _____ DATE

Monthly Operating Report

CASE NAME:	Mosaic sales Solutions (III) Inc.
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ACCRUAL BASIS-7

02/13/95, RWD, 2/96

Period May 19, 2003 to July 3, 2003

QUESTIONNAIRE

		YES	NO
1.	HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		x
2.	HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		x
3.	ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		x
4.	HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		x
5.	HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?		x
6.	ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		x
7.	ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		x
8.	ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		x
9.	ARE ANY OTHER POSTPETITION TAXES PAST DUE?		x
10.	ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		x
11.	HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		x
12.	ARE ANY WAGE PAYMENTS PAST DUE?		x

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE

		YES	NO
1.	ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	x	
2.	ARE ALL PREMIUM PAYMENTS PAID CURRENT?	x	
3.	PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
Workers Comp	Hartford	7/1/02-7/1/03	Deposit & 9 monthly installements

CASE NAME:	Mosaic sales Solutions (III) Inc.
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ACCRUAL BASIS-6

02/13/95, RWD, 2/96

Period May 19, 2003 to July 3, 2003

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. None			
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS		$0	$0

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *
1. None					
2.					
3.					
4.					
5.					
6. TOTAL PAYMENTS TO PROFESSIONALS		$0	$0	$0	$0

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. Addiosn Park Place/Harkinson Investment Co	$11,814	$11,814	$0
2.			
3.			
4.			
5.			
6. TOTAL	$11,814	$11,814	$0

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CASE Mosaic sales Solutions (III) Inc.
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ACCRUAL BASIS-5

02/13/95, RWD, 2/96

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: **Period May 19, 2003 to July 3, 2003**

BANK RECONCILIATIONS	Account #1	Account #2	Account #3	
A. BANK	Comerica	CIBC		TOTAL
B. ACCOUNT NUMBER	1880515331	2-249106		
C. PURPOSE (TYPE)	payroll	operating		
1. BALANCE PER BANK STATEMENT	$10,575	($2,289,149)		($2,278,574)
2. ADD: TOTAL DEPOSITS NOT CREDITED				$0
3. SUBTRACT: OUTSTANDING CHECKS				$0
4. OTHER RECONCILING ITEMS				$0
5. MONTH END BALANCE PER BOOKS	$10,575	($2,289,149)	$0	($2,278,574)
6. NUMBER OF LAST CHECK WRITTEN				

INVESTMENT ACCOUNTS BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. None				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			$0	$0

CASH	
12. CURRENCY ON HAND	$250
13. TOTAL CASH - END OF MONTH	($2,278,324)

Monthly Operating Report

CASE Mosaic sales Solutions (III) Inc.
CASE 02-81443

ACCRUAL BASIS-4

02/13/95, RWD, 2/96

ACCOUNTS RECEIVABLE AGING		SCHEDULE AMOUNT	MONTH	MONTH	MONTH
1.	0-30	$380,807			
2.	31-60	$516,606			
3.	61-90	$4,048			
4.	91+	$159,004			
5.	TOTAL ACCOUNTS RECEIVABLE	$1,045,621	$0	$0	$0
6.	AMOUNT CONSIDERED UNCOLLECTIBLE	$44,741			
7.	ACCOUNTS RECEIVABLE (NET)	$1,000,880	$0	$0	$0

AGING OF POSTPETITION TAXES AND PAYABLES

MONTH: Period May 19, 2003 to July 3, 2003

TAXES PAYABLE		0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1.	FEDERAL	$0				
2.	STATE	$0				
3.	LOCAL	$0				
4.	OTHER (ATTACH LIST)					
5.	TOTAL TAXES PAYABLE	$0	$0	$0	$0	$0
6.	ACCOUNTS PAYABLE	$0				

STATUS OF POSTPETITION TAXES

MONTH: Period May 19, 2003 to July 3, 2003

FEDERAL		BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/ OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
1.	WITHHOLDING**	$0			
2.	FICA-EMPLOYEE**	$0			
3.	FICA-EMPLOYER**	$0			
4.	UNEMPLOYMENT	$0			
5.	INCOME	$0			
6.	OTHER (ATTACH LIST)	$0			
7.	TOTAL FEDERAL TAXES	$0	$0	$0	$0
STATE AND LOCAL					
8.	WITHHOLDING	$0			
9.	SALES	$0			
10.	EXCISE	$0			
11.	UNEMPLOYMENT	$0			
12.	REAL PROPERTY	$0			
13.	PERSONAL PROPERTY	$0			
14.	OTHER (ATTACH LIST)	$0			
15.	TOTAL STATE & LOCAL	$0	$0	$0	$0
16.	TOTAL TAXES	$0	$0	$0	$0

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

Monthly Operating Report

CASE ! Mosaic sales Solutions (III) Inc.
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ACCRUAL BASIS-3

02/13/95, RWD, 2/96

CASH RECEIPTS AND DISBURSEMENTS	Period May 19, 2003 to July 3, 2003	MONTH	MONTH	QUARTER TOTAL
1. CASH - BEGINNING OF MONTH	($2,280,130)			
RECEIPTS FROM OPERATIONS				
2. CASH SALES				
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION				
4. POSTPETITION				
5. TOTAL OPERATING RECEIPTS	$0	$0	$0	$0
NON - OPERATING RECEIPTS				
6. LOANS & ADVANCES (ATTACH LIST)				
7. SALE OF ASSETS				
8. OTHER payroll uncashed check voided	$1,806			
9. TOTAL NON-OPERATING RECEIPTS	$1,806	$0	$0	$0
10. TOTAL RECEIPTS	$1,806	$0	$0	$0
11. TOTAL CASH AVAILABLE	($2,278,324)	$0	$0	$0
OPERATING DISBURSEMENTS				
12. NET PAYROLL				
13. PAYROLL TAXES PAID				
14. SALES, USE & OTHER TAXES PAID				
15. SECURED / RENTAL / LEASES				
16. UTILITIES				
17. INSURANCE				
18. INVENTORY PURCHASES				
19. VEHICLE EXPENSES				
20. TRAVEL				
21. ENTERTAINMENT				
22. REPAIRS & MAINTENANCE				
23. SUPPLIES				
24. ADVERTISING				
25. OTHER (ATTACH LIST)				
26. TOTAL OPERATING DISBURSEMENTS	$0	$0	$0	$0
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES				
28. U.S. TRUSTEE FEES				
29. OTHER (ATTACH LIST)				
30. TOTAL REORGANIZATION EXPENSES	$0	$0	$0	$0
31. TOTAL DISBURSEMENTS	$0	$0	$0	$0
32. NET CASH FLOW	$1,806	$0	$0	$0
33. CASH - END OF MONTH	($2,278,324)	$0	$0	$0

Monthly Operating Report

CASE ! Mosaic sales Solutions (III) Inc.

ACCRUAL BASIS-2

CASE ! 02-81443

02/13/95, RWD, 2/96

INCOME STATEMENT

	Period May 19, 2003 to July 3, 2003	MONTH	MONTH	QUARTER TOTAL
REVENUES				
1. GROSS REVENUES	$592,302			
2. LESS: RETURNS & DISCOUNTS				
3. NET REVENUE	$592,302	$0	$0	$0
COST OF GOODS SOLD				
4. MATERIAL	$297,207			
5. DIRECT LABOR	$71,908			
6. DIRECT OVERHEAD				
7. TOTAL COST OF GOODS SOLD	$369,115	$0	$0	$0
8. GROSS PROFIT	$223,187	$0	$0	$0
OPERATING EXPENSES				
9. OFFICER / INSIDER COMPENSATION				
10. SELLING & MARKETING				
11. GENERAL & ADMINISTRATIVE	$49,413			
12. RENT & LEASE	$11,814			
13. OTHER (ATTACH LIST)				
14. TOTAL OPERATING EXPENSES	$61,227	$0	$0	$0
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	$161,960	$0	$0	$0
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (ATT. LIST)				
17. NON-OPERATING EXPENSE (ATT. LIST)				
18. INTEREST EXPENSE				
19. DEPRECIATION / DEPLETION	$13,978			
20. AMORTIZATION				
21. OTHER (ATTACH LIST)				
22. NET OTHER INCOME & EXPENSES	$13,978	$0	$0	$0
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES				
24. U.S. TRUSTEE FEES				
25. OTHER (ATTACH LIST)				
26. TOTAL REORGANIZATION EXPENSES	$0	$0	$0	$0
27. INCOME TAX				
28. NET PROFIT (LOSS)	$147,982	$0	$0	$0

Monthly Operating Report

CASE Mosaic sales Solutions (III) Inc.
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ACCRUAL BASIS-1

02/13/95, RWD, 2/96

COMPARATIVE BALANCE SHEET

Period May 19, 2003 to July 3, 2003

		SCHEDULE AMOUNT	MONTH	MONTH	MONTH
ASSETS					
1.	UNRESTRICTED CASH				
2.	RESTRICTED CASH	($2,278,324)			
3.	TOTAL CASH	($2,278,324)	$0	$0	$0
4.	ACCOUNTS RECEIVABLE (NET)	$1,000,881			
5.	INVENTORY				
6.	NOTES RECEIVABLE				
7.	PREPAID EXPENSES	$39,117			
8.	OTHER (ATTACH LIST)	$0			
9.	TOTAL CURRENT ASSETS	($1,238,326)	$0	$0	$0
10.	PROPERTY, PLANT & EQUIPMENT	$420,057			
11.	LESS: ACCUMULATED DEPRECIATION / DEPLETION	$271,133			
12.	NET PROPERTY, PLANT & EQUIPMENT	$148,924	$0	$0	$0
13.	DUE FROM INSIDERS				
14.	OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)	$12,681,153			
15.	OTHER (ATTACH LIST)	($212,500)			
16.	TOTAL ASSETS	$11,379,251	$0	$0	$0
POSTPETITION LIABILITIES					
17.	ACCOUNTS PAYABLE				
18.	TAXES PAYABLE	$444,415.00			
19.	NOTES PAYABLE				
20.	PROFESSIONAL FEES				
21.	SECURED DEBT				
22.	OTHER (ATTACH LIST)	$ 919,761			
23.	TOTAL POSTPETITION LIABILITIES	$1,364,175.84	$0	$0	$0
PREPETITION LIABILITIES					
24.	SECURED DEBT				
25.	PRIORITY DEBT				
26.	UNSECURED DEBT	($4,106,764)			
27.	OTHER (ATTACH LIST)	($202,547)			
28.	TOTAL PREPETITION LIABILITIES	($4,309,311)	$0	$0	$0
29.	TOTAL LIABILITIES	($2,945,135)	$0	$0	$0
EQUITY					
30.	PREPETITION OWNERS' EQUITY	$ 14,818,930			
31.	POSTPETITION CUMULATIVE PROFIT OR (LOSS)	-494544.66			
32.	DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)				
33.	TOTAL EQUITY	$14,324,385	$0	$0	$0
34.	TOTAL LIABILITIES & OWNERS' EQUITY	$11,379,250	$0	$0	$0

Intercompany MGX	-1055778	pre
Intercompany MSS(I)	856318	pre
Restructure	-7571.78	pre
Garnishments	4485	pre
Line 27	**-202546.78**	**pre**
Accrued Cost Adj	329875	post
Deferred Income Adjustment	359383	post
Accrued Liabilities	2175	post
Intercompany MSS(I)	219722	post
Terminal Liability	8605.84	post
Line 22	**919760.84**	
Interco FSGP	-2125	
Interco FSLP	-210375	
MOR Line 15	**-212500**	
WIP - MOR Line 8	**0**	