Monthly Operating Report

CASE NAME:	Mosaic Sales Solutions (I) Inc.
CASE NUMBER:	02-81442
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

Month Ending: January 31, 2004

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:

Joel M. Simon — DIRECTOR

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY — TITLE

JOEL M. SIMONO — 2/19/04

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 (I) Inc.
CASE NUMBER:	02-81442

ACCRUAL BASIS-7

02/13/95, RWD, 2/96

Month Ending: Jan-04

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.
Programs run on behalf of MSS II and MSS Canada which are included in AR for 12.5k and 7k repsectively.

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

Mosaic Sales Solutions (I) Inc.
ATTACHMENT TO MOR-7
Month Ending January 31, 2004

The net assets held in Mosaic Sales Solutions (I) Inc. were sold, along with the net assets in Mosaic Sales Solutions (III) LP and Mosaic Sales Solutions (II) Inc. and several Canadian entities to JLL Partners. The proceeds of the sale are held in escrow by KPMG (the monitor under CCAA). Allocation of the proceeds between the companies has not yet been determined. In the previous month's operating report the disposal of the assets has been reflected. The proceeds will be reflected in a future month or when an allocation has been determined.

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CASE NAME:	Mosaic Sales Solutions (I) Inc.
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ACCRUAL BASIS-6

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Month Ending: Jan-04

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. Officer, VP & Directors	Salaries		$997,959
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS		$0	$997,959

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZIN 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. Parkway Financial			$0
2.			$0
3.			
4.			
5.			
6. TOTAL	$0	$0	$0

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CASE Mosaic Sales Solutions (I) Inc.

CASE 02-81442

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: Jan-04

BANK RECONCILIATIONS

A. BANK:	WFB	WFB	WFB	CIBC	TOTAL
B. ACCOUNT NUMBER:	4910	5883	5222	2-249009	
C. PURPOSE (TYPE):	Oper/payroll	Oper	Oper	Oper	
1. BALANCE PER BANK STATEMENT	$233,690	$27,354	$325,758	$0	$586,803
2. ADD: TOTAL DEPOSITS NOT CREDITED					$0
3. SUBTRACT: OUTSTANDING CHECKS					$0
4. OTHER RECONCILING ITEMS					$0
5. MONTH END BALANCE PER BOOKS	$233,690	$27,354	$325,758	$0	$586,803
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	
13. TOTAL CASH - END OF MONTH	$586,803

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CASE NAME:	Mosaic Sales Solutions (I) Inc.
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ACCRUAL BASIS-4

02/13/95, RWD, 2/96

ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	Jan-04		
1. 0-30				
2. 31-60				
3. 61-90				
4. 91+				
5. TOTAL ACCOUNTS RECEIVABLE	$0	$0	$0	$0
6. AMOUNT CONSIDERED UNCOLLECTIBLE				
7. ACCOUNTS RECEIVABLE (NET) ***	$0	$0	$0	$0

AGING OF POSTPETITION TAXES AND PAYABLES MONTH: **Jan-04**

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					

STATUS OF POSTPETITION TAXES MONTH: Jan-04

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

*** Accounts Receivable Net number does not include the $262170.95 in Accounts Receivable-Unbilled account

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CASE Mosaic Sales Solutions (I) Inc.
CASE 02-81442

ACCRUAL BASIS-3

02/13/95, RWD, 2/96

CASH RECEIPTS AND DISBURSEMENTS	Jan-04	Feb-04	Mar-04	QUARTER TOTAL
1. CASH - BEGINNING OF MONTH	$439,085			$439,085
RECEIPTS FROM OPERATIONS				
2. CASH SALES				
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION				
4. POSTPETITION				
5. TOTAL OPERATING RECEIPTS	$0			$0
NON - OPERATING RECEIPTS				
6. LOANS & ADVANCES (ATTACH LIST)				
7. SALE OF ASSETS				
8. OTHER (ATTACH LIST) (1)	$148,815			
9. TOTAL NON-OPERATING RECEIPTS	$148,815			$0
10. TOTAL RECEIPTS	$148,815			$0
11. TOTAL CASH AVAILABLE	$587,900			$439,085
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 (See below) (2)	$1,097			$1,097
26. TOTAL OPERATING DISBURSEMENTS	$1,097			$1,097
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES				
28. U.S. TRUSTEE FEES				
29. OTHER (ATTACH LIST)				$0
30. TOTAL REORGANIZATION EXPENSES	$0			$0
31. TOTAL DISBURSEMENTS	$1,097			$1,097
32. NET CASH FLOW	$147,718			($1,097)
33. CASH - END OF MONTH	$586,803			$437,988

(1) Voided checks that never cleared account. Funds transferred to Bank of America in February 2004.
(2) Auto debits that were deducted from the account. Requesting reimbursement from JLL.

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CASE Mosaic Sales Solutions (I) Inc.	ACCRUAL BASIS-2
CASE 02-81442	02/13/95, RWD, 2/96

INCOME STATEMENT

	January-04	February-04	March-04	QUARTER TOTAL
REVENUES				
1. GROSS REVENUES				
2. LESS: RETURNS & DISCOUNTS				
3. NET REVENUE	$0			$0
COST OF GOODS SOLD				
4. MATERIAL				
5. DIRECT LABOR				
6. DIRECT OVERHEAD				
7. TOTAL COST OF GOODS SOLD	$0			$0
8. GROSS PROFIT	$0			$0
OPERATING EXPENSES				
9. OFFICER / INSIDER COMPENSATION				
10. SELLING & MARKETING				
11. GENERAL & ADMINISTRATIVE				
12. RENT & LEASE				
13. OTHER (ATTACH LIST)				
14. TOTAL OPERATING EXPENSES	$0			$0
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	$0			$0
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (ATT. LIST)				
17. NON-OPERATING EXPENSE (ATT. LIST)				
18. INTEREST EXPENSE				
19. DEPRECIATION / DEPLETION				
20. AMORTIZATION				
21. OTHER (ATTACH LIST)				
22. NET OTHER INCOME & EXPENSES	$0			$0
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES				
24. U.S. TRUSTEE FEES				
25. OTHER (ATTACH LIST)	$0			
26. TOTAL REORGANIZATION EXPENSES	$0			$0
27. INCOME TAX	$0			
28. NET PROFIT (LOSS)	$0			$0

Monthly Operating Report

CASE Mosaic Sales Solutions (I) Inc.	ACCRUAL BASIS-1
CASE 02-81442	02/13/95, RWD, 2/96

COMPARATIVE BALANCE SHEET — 37987

ASSETS	SCHEDULE AMOUNT	Jan-04	Feb-04	Mar-04
1. UNRESTRICTED CASH				
2. RESTRICTED CASH		$586,803		
3. TOTAL CASH		$586,803		
4. ACCOUNTS RECEIVABLE (NET)				
5. INVENTORY				
6. NOTES RECEIVABLE				
7. PREPAID EXPENSES				
8. OTHER (ATTACH LIST)				
9. TOTAL CURRENT ASSETS		$586,803		
10. PROPERTY, PLANT & EQUIPMENT				
11. LESS: ACCUMULATED DEPRECIATION / DEPLETION				
12. NET PROPERTY, PLANT & EQUIPMENT		$0		
13. DUE FROM INSIDERS		$629,980		
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)				
15. OTHER (ATTACH LIST)				
16. TOTAL ASSETS		$1,216,783		
POSTPETITION LIABILITIES				
17. ACCOUNTS PAYABLE				
18. TAXES PAYABLE				
19. NOTES PAYABLE				
20. PROFESSIONAL FEES				
21. SECURED DEBT				
22. OTHER (ATTACH LIST)				
23. TOTAL POSTPETITION LIABILITIES		$0		
PREPETITION LIABILITIES				
24. SECURED DEBT				
25. PRIORITY DEBT				
26. UNSECURED DEBT		$9,600,000		
27. OTHER (ATTACH LIST)		($1,010,194)		
28. TOTAL PREPETITION LIABILITIES		$8,589,806		
29. TOTAL LIABILITIES		$8,589,806		
EQUITY				
30. PREPETITION OWNERS' EQUITY		$12,014,325		
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		(19,510,237)		
32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)				
33. TOTAL EQUITY		($7,495,912)		
34. TOTAL LIABILITIES & OWNERS' EQUITY		$1,093,894		