Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/1989

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

LADAS & PARRY LLP

1040 AVENUE OF AMERICAS
NEW YORK, NY 10018

2b Employer Identification Number (EIN) 13-0945670

2c Sponsor's telephone number 212-708-1892

2d Business code (see instructions) 541110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/03/2012	FOY, SONIA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
LADAS & PARRY LLP

1040 AVENUE OF AMERICAS
NEW YORK, NY 10018

3b Administrator's EIN
13-0945670

3c Administrator's telephone number
212-708-1892

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	165
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	173
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	40
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	213
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	213
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	148
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
3D 2E 2J 2F 2G 2K 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	X Insurance	**(1)**	X Insurance
(2)	Code section 412(e)(3) insurance contracts	**(2)**	Code section 412(e)(3) insurance contracts
(3)	X Trust	**(3)**	X Trust
(4)	General assets of the sponsor	**(4)**	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1) X **R** (Retirement Plan Information)

(2) **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary

(3) **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1) X **H** (Financial Information)

(2) **I** (Financial Information – Small Plan)

(3) X 1 **A** (Insurance Information)

(4) X **C** (Service Provider Information)

(5) X **D** (DFE/Participating Plan Information)

(6) **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
06-1050034	93629	36956-001	213	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	4985840
5	Current value of plan's interest under this contract in separate accounts at year end	5	7757862

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT

b	Balance at the end of the previous year			7b	4463433
c	Additions: (1) Contributions deposited during the year	7c(1)	228820		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	110642		
	(4) Transferred from separate account	7c(4)	313187		
	(5) Other (specify below)	7c(5)	51240		
	▶ LOAN REPAYMENTS, MISCELLANEOUS, FORFEITURES				
	(6) Total additions			7c(6)	703889
d	Total of balance and additions (add **b** and **c(6)**)			7d	5167322
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	112278		
	(2) Administration charge made by carrier	7e(2)	302		
	(3) Transferred to separate account	7e(3)	24782		
	(4) Other (specify below)	7e(4)	44120		
	▶ LOAN INITIATIONS, MISCELLANEOUS, FORFEITURES				
	(5) Total deductions			7e(5)	181482
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	4985840

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	3080	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: INTERNL GROWTH/ARTISAN

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
06-1050034-259	P	23032

a Name of MTIA, CCT, PSA, or 103-12 IE: LARGE CAP GROW/JP MORGAN

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions)
06-1050034-141	P	275338

a Name of MTIA, CCT, PSA, or 103-12 IE: LGE CP GRTH/NEUBERG BERM

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
06-1050034-350	P	199349

a Name of MTIA, CCT, PSA, or 103-12 IE: LGE CP VAL/LSV ASSET MGMT

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
06-1050034-318	P	606593

a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP GROWTH/ARTISAN

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
06-1050034-185	P	393666

a Name of MTIA, CCT, PSA, or 103-12 IE: MID CAP VALUE/WELL MGMT

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
06-1050034-187	P	591138

a Name of MTIA, CCT, PSA, or 103-12 IE: CORE PLUS BOND/PIMCO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions)
06-1050034-299	P	625838

a Name of MTIA, CCT, PSA, or 103-12 IE: HI YIELD/CAYWOOD-SCHOLL		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-300	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 483709
a Name of MTIA, CCT, PSA, or 103-12 IE: SMALL CAP GROWTH/TIMESSQ		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-132	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 392517
a Name of MTIA, CCT, PSA, or 103-12 IE: AM CENTURY REAL ESTATE I		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-438	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 94279
a Name of MTIA, CCT, PSA, or 103-12 IE: FIDELITY MAGELLAN ACCOUNT		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-109	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 740378
a Name of MTIA, CCT, PSA, or 103-12 IE: SA/JANUS BALANCED STRAT		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-180	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 478995
a Name of MTIA, CCT, PSA, or 103-12 IE: SA/OAK EQ & INC STRAT II		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-354	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 137888
a Name of MTIA, CCT, PSA, or 103-12 IE: SA/OFII GLOBAL STRATEGY		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-308	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 170809
a Name of MTIA, CCT, PSA, or 103-12 IE: WAD&REED ADV SCI & TECH		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-394	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 238449
a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2040 FUND		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-346	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 297110
a Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S&P 500 INDEX FUND		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-123	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 563892

a Name of MTIA, CCT, PSA, or 103-12 IE: INTERN BLEND/ARTIO

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-349	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 629292

a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL INCOME FD

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-342	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 25861

a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2010 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-343	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 166352

a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2020 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-344	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 253816

a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2030 FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-345	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 202755

a Name of MTIA, CCT, PSA, or 103-12 IE: SM CAP VAL/AMER CENT FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-126	**d** Entity code P	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 166806

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN
a Plan name	
b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	16375	12968
(2) Participant contributions	1b(2)	30125	41085
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	244028	254266
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	8134639	7757862
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	4463433	4985840
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	12888600	13052021
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	21738	0
k Total liabilities (add all amounts in lines 1g through1j)	1k	21738	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	12866862	13052021

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	12968	
(B) Participants	2a(1)(B)	760765	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		773733
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	14786	
(F) Other	2b(1)(F)	110642	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		125428
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-322908
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		576253
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	366538	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		366538
f Corrective distributions (see instructions)	2f		21738
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	2818	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		2818
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		391094
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		185159
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GETTRY MARCUS STERN & LEHRER CPA PC (2) EIN: 13-3418879

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) **4a**		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) **4b**		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) **4c**		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) **4d**		X	
e	Was this plan covered by a fidelity bond? **4e**	X		4000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? **4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? **4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? **4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) **4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) **4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? **4k**		X	
l	Has the plan failed to provide any benefit when due under the plan? **4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) **4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. **4n**			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
LADAS & PARRY 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
LADAS & PARRY LLP

D Employer Identification Number (EIN)
13-0945670

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 22-1211670

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

LADAS & PARRY LLP AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

Ladas & Parry LLP and Subsidiary

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP

We have audited the accompanying consolidated balance sheets of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in partners' equity, comprehensive income, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements of the London and Munich offices, which statements reflect total assets of $3,894,610 and $3,713,873 as of December 31, 2011 and 2010, respectively and total revenues of $1,728,809 and $1,937,465 for the years then ended, respectively. We were unable to satisfy ourselves about these amounts by means of other auditing procedures.

As discussed in Note 8 to the consolidated financial statements, the Partnership has not complied with the provisions that require the recognition of rent expense on a straight-line basis over the lease term which, in our opinion, should be followed in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

In our opinion, except for the effect of not complying with the provisions that require the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, that might have been determined to be necessary, had we audited the financial statements of the London and Munich offices as discussed in the two preceding paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ladas & Parry LLP and Subsidiary as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,930,967	$ 3,248,512
Accounts receivable, net	19,054,501	18,360,938
Prepaid expenses and other current assets	782,130	663,552
Total current assets	21,767,598	22,273,002
Property and equipment, net	2,777,472	1,193,109
Investments - restricted	125,749	151,571
Other assets		
Goodwill	294,500	294,500
Deferred leasing cost, net of accumulated amortization	19,394	-
Total other assets	313,894	294,500
Total assets	$ 24,984,713	$ 23,912,182
Liabilities and Partners' Equity		
Current liabilities		
Current portion of long-term debt	$ 135,012	$ 20,833
Accounts payable and accrued expenses	18,470,344	19,503,750
Total current liabilities	18,605,356	19,524,583
Long-term liabilities		
Long-term debt, net of current portion	246,581	104,167
Other liabilities	132,013	151,363
Total long-term liabilities	378,594	255,530
Deferred lease incentives	1,806,124	569,602
Partners' equity		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss)	(6,264)	208
Total partners' equity	4,194,639	3,562,467
Total liabilities and partners' equity	$ 24,984,713	$ 23,912,182

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 45,354,386	100.0	$ 47,211,777	100.0
Disbursements	20,839,502	45.9	23,535,017	49.8
Gross profit from services	24,514,884	54.1	23,676,760	50.2
General and administrative expenses	21,431,074	47.3	21,096,311	44.7
Professional income	3,083,810	6.8	2,580,449	5.5
Other income (expenses), net	(41,577)	(0.1)	(173,320)	(0.4)
Net income	$ 3,042,233	6.7	$ 2,407,129	5.1

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2011 and 2010

	2011	2010
Partners' equity before accumulated other comprehensive income (loss), beginning of year	$ 3,562,259	$ 3,913,244
Capital withdrawals, net	(332,311)	(283,617)
Net income	3,042,233	2,407,129
	6,272,181	6,036,756
Less drawings:		
Prior year's income	161,885	229,253
Current year's income	1,909,393	2,245,244
	2,071,278	2,474,497
Partners' equity, end of year		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss):		
Net unrealized holding income (loss) on investments - restricted	(6,264)	208
Total partners' equity, end of year	$ 4,194,639	$ 3,562,467

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2010 and 2009

	2011	2010
Net income	$ 3,042,233	$ 2,407,129
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	(6,472)	7,784
Comprehensive income	$ 3,035,761	$ 2,414,913

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Net income	$ 3,042,233	$ 2,407,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	486,872	283,952
Amortization of deferred lease incentives	(163,477)	(81,562)
Increase in partners' capital for interest	66,053	92,399
Loss on abandonment of leasehold improvements	12,072	-
Changes in operating assets and liabilities:		
(Increase) in:		
Accounts receivable, net	(693,563)	(1,206,421)
Prepaid expenses and other current assets	(118,578)	(145,383)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,033,406)	2,459,577
Other liabilities	(19,350)	3,883
Total adjustments	(1,463,377)	1,406,445
Net cash provided by operating activities	1,578,856	3,813,574
Cash flows from investing activities		
Purchase of property and equipment	(261,029)	(111,069)
Purchase of investments, restricted	(2,118)	(28,660)
Proceeds from sale of investments, restricted	21,458	24,777
Increase in deferred leasing cost	(20,033)	-
Net cash used by investing activities	(261,722)	(114,952)
Cash flows from financing activities		
Proceeds from long-term debt	375,000	125,000
Payments of long-term debt	(540,037)	(375,000)
Partners' drawings from income	(2,071,278)	(2,474,497)
Partners' capital withdrawals, net	(398,364)	(376,016)
Net cash used by financing activities	(2,634,679)	(3,100,513)
Net increase (decrease) in cash and cash equivalents	(1,317,545)	598,109
Cash and cash equivalents - Beginning of year	3,248,512	2,650,403
Cash and cash equivalents - End of year	$ 1,930,967	$ 3,248,512
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 80,055	$ 100,079
Income taxes	$ 45,729	$ 3,875
Supplemental non-cash disclosures of cash flow information:		
Equipment capitalized in exchange for long term debt	$ 421,630	$ -
Leasehold improvements acquired through deferred lease incentives	$ 1,400,000	$ -

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas & Parry LLP (the "Partnership") and its wholly-owned subsidiary, Ladas Domains, LLC (the "Subsidiary"). All significant intercompany balances and transactions have been eliminated in consolidation.

Organization and Nature of Business
Ladas & Parry LLP was organized and commenced operations in 1912 as a New York general partnership. During 2003, the Partnership was converted from a general partnership to a limited liability partnership. The Partnership is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. The Partnership maintains offices in New York City, Chicago, Los Angeles, London and Munich.

Ladas Domains, LLC was organized in 2005 as a Delaware limited liability company and provides domain name services and assists customers in managing online brands.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

The Partnership does not charge interest on all client account balances that exceed 120 days old.

Investments - Restricted
The Partnership's investments in marketable securities, held in an Irrevocable Grantor Trust (see Notes 3 and 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed principally using accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Note 1 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was recognized for the years ended December 31, 2011 and 2010.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT"). The UBT expense was $60,000 and $28,000 for the years ended December 31, 2011 and 2010, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has determined that this pronouncement does not affect the activity of the Partnership.

The Partnership's policy is to record interest expense and penalties in general and administrative expenses. For the years ended December 31, 2011 and 2010, there was no interest and penalties expenses recorded and no accrued interest and penalties.

The tax years subject to examination by the U.S. taxing authorities are the years ended December 31, 2008 and forward.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements including copying, postage and courier charges and hard disbursements consisting primarily of foreign agent costs, are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements
Recent changes in accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value and expanded disclosures about fair value measurements.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and long-term debt. The fair value of the cash and cash equivalents, accounts receivable, and accounts payable approximates carrying values due to their short term nature. The recorded value of long-term debt approximates fair value, as interest rates approximate market rates.

The standard established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability access.

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and accounts receivable.

Note 1 – Summary of Significant Accounting Policies (continued)

The Partnership maintains cash balances at several banks in the New York, Chicago and Los Angeles metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 8, 2012, the date the financial statements were available to be issued.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31, 2011 and 2010:

	2011	2010
Accounts receivable	$ 19,774,501	$ 18,857,938
Less: allowance for doubtful accounts	720,000	497,000
	$ 19,054,501	$ 18,360,938

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2011 and 2010:

	Investments at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 86,817	$ -	$ -	$ 86,817
Cash and money market	-	38,932	-	38,932
Total investments at fair value	$ 86,817	$ 38,932	$ -	$ 125,749

Note 3 – Investments – Restricted (continued)

	Investments at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Equities	$ 93,586	$ -	$ -	$ 93,586
Cash and money market	-	57,985	-	57,985
Total investments at fair value	$ 93,586	$ 57,985	$ -	$ 151,571

Investments consist of the following as of December 31, 2011:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,082	$ 25,597	$ 31,862	$ 86,817
Cash and money market	38,932	-	-	38,932
	$ 132,014	$ 25,597	$ 31,862	$ 125,749

Proceeds from sales of securities classified as available-for-sale were $21,458 for 2011. The net unrealized holding loss increased by $6,473 for the year ended December 31, 2011.

Investments consist of the following as of December 31, 2010:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,378	$ 14,625	$ 14,417	$ 93,586
Cash and money market	57,985	-	-	57,985
	$ 151,363	$ 14,625	$ 14,417	$ 151,571

Proceeds from sales of securities classified as available-for-sale were $24,777 in 2010. The net unrealized holding loss decreased by $7,784 for the year ended December 31, 2010.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31, 2011 and 2010:

	2011	2010
Furniture and fixtures	$ 611,621	$ 752,974
Office equipment	1,362,569	3,707,724
Computer software costs	3,521,406	3,474,832
Leasehold improvements	2,642,774	2,590,920
	8,138,370	10,526,450
Less: accumulated depreciation and amortization	5,360,898	9,333,341
	$ 2,777,472	$ 1,193,109

Depreciation and amortization expense was $486,872 and $283,952 for the years ended December 31, 2011 and 2010, respectively.

Note 5 – Bank Debt

On July 29, 2011, the Partnership entered a credit facility agreement with City National Bank, ("the Bank") with a maximum borrowing capacity of $1,800,000 consisting of a $500,000 line of credit, $800,000 letter of credit and $500,000 leasing line of credit. This credit facility replaced the Partnership's relationship with its prior bank, Wells Fargo Bank.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 3.5% or the bank's prime rate. There were no borrowings on the line of credit as of December 31, 2011. The letter of credit is in lieu of a cash security deposit for the Partnership's New York City office (See Note 8). The leasing line of credit is to be used for equipment purchases and requires thirty-six monthly payments of principle and interest on the portion utilized. The interest rate on the leasing line of credit is the same rate as the line of credit. At December 31, 2011, the Partnership's borrowing under the leasing line of credit is $381,593.

The aggregate maturities of the leasing line of credit as of December 31, 2011 are as follows:

Years Ending December 31,	
2012	$ 135,012
2013	142,536
2014	104,045
	$ 381,593

The new credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

The Partnership was obligated to Wells Fargo Bank under the terms of a $1,000,000 line of credit and a $500,000 term loan. There was no outstanding borrowing on the credit line as of December 31, 2010. Interest was payable monthly on the outstanding balance at the LIBOR rate plus 2% or the bank prime rate, less 0.5%. During 2010, the Partnership borrowed $125,000 on the term loan with the remaining $375,000 borrowed in 2011. The loan was repaid with the proceeds from the Partnership's new credit facility agreement. Interest was payable monthly at the lower of the bank prime rate plus 0.25% or the one month LIBOR market index rate plus 2.75% (3.01% as of December 31, 2010).

Note 6 – Related Party Transactions

The Partnership owns 100% of the outstanding stock of a United Kingdom corporation, Langner Parry Limited ("Langner"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating Langner.

Partnership transactions for the years ended December 31, 2011 and 2010 and balances as of December 31, 2011 and 2010 with Langner are summarized as follows:

	2011	2010
Due from Langner included in accounts receivable	$ 1,587,541	$ 1,382,767
Fees billed to Langner	$ 188,679	$ 343,865
Disbursements billed by Langner	$ 178,896	$ 307,641
Service charges billed by Langner	$ 441,937	$ 375,163

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership contributed $25,331 and $16,375 for the years ended December 31, 2011 and 2010, respectively, which are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles and Munich under noncancellable operating leases that expire at various dates through 2026. The leases have escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which can extend the leases up to ten years. Certain leases provide for escalation of taxes and other operating expenses.

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses are as follows:

Years Ending December 31,	
2012	$ 1,787,000
2013	1,997,000
2014	2,032,000
2015	2,037,000
2016	2,124,000
Thereafter	13,372,000
	$ 23,349,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2009)	$ 43,721
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance was as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 569,602	$ 651,164
Additions	1,400,000	-
Amortization	(163,478)	(81,562)
Balance, end of year	$ 1,806,124	$ 569,602

Rent and building expenses was $1,668,253 and $2,458,341 for the years ended December 31, 2011 and 2010, respectively.

Note 8 – Commitments (continued)

The Partnership is required under generally accepted accounting principles to comply with the provisions that require the recognition of rent expense on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense under Internal Revenue Service regulations. If the provisions were followed, net income would be decreased by $430,050 and $102,717 for the years ended December 31, 2011 and 2010, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,315,438 and $885,388 as of December 31, 2011 and 2010, respectively.

Letter of Credit
The Partnership issued a letter of credit in the amount of $61,509 in lieu of a cash security deposit for its Los Angeles office. The letter of credit is extended to September 30, 2012. The Partnership also issued a letter of credit in the amount of $800,000 in lieu of a cash security deposit for its new office in New York City (see Note 5). The letter of credit expires on August 1, 2012. The letter of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. These agreements provide for suspension of payments under certain circumstances. The expense was $16,000 and $140,396 for the years ended December 31, 2011 and 2010, respectively. In 2010, the Partnership invoked its right to suspend payments for 2011. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There was no expense for the years ended December 31, 2011 and 2010. The obligation is classified as other liabilities. The Trust assets, classified as investments in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

Employment Contracts
Certain "special" partners and managers receive the higher of a base compensation, guaranteed minimum or a calculation based on a percentage of income. Total compensation for these employees was $978,046 and $1,096,043 for the years ended December 31, 2011 and 2010, respectively, and are included in general and administrative expenses (salaries).

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $162,000 and $146,000 as of December 31, 2011 and 2010, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Supplementary Information

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Interest on partners' capital balances	$ 66,053	$ 92,399
Other	14,002	7,680
	$ 80,055	$ 100,079

Note 11 – Sales to Foreign Clients

Services provided to clients outside of the United States approximated 33% and 30% of gross income for the years ended December 31, 2011 and 2010, respectively.

Independent Auditor's Report on Supplementary Information

To the Partners
Ladas & Parry LLP

We have audited the consolidated financial statements of Ladas & Parry LLP and Subsidiary as of and for the years ended December 31, 2011 and 2010, and our report thereon dated March 8, 2012, which appears on page 1, was qualified as to the effect of not complying with the provision of generally accepted accounting principles that requires the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, had we audited the financial statements of the London and Munich offices. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the consolidated financial statements as described above, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Year Ended December 31, 2011

	Total	New York	Chicago	Los Angeles	London	Munich	Ladas Domains
GROSS INCOME:							
Patent Departments	$ 23,758,701	$ 7,151,642	$ 8,230,594	$ 7,583,391	$ -	$ 793,074	$ -
Trademark Departments	18,180,984	11,230,794	4,319,528	1,193,148	935,735	-	501,779
Patent Taxes and Annuities	2,005,353	911,059	348,838	745,456	-	-	-
Litigation Department	1,409,348	544,617	736,294	128,437	-	-	-
TOTAL GROSS INCOME	45,354,386	19,838,112	13,635,254	9,650,432	935,735	793,074	501,779
DISBURSEMENTS:							
Foreign	14,006,475	5,799,292	4,358,575	3,802,178	-	-	46,430
Domestic	6,833,027	2,572,091	2,150,603	952,736	613,740	475,168	68,689
Total Disbursements	20,839,502	8,371,383	6,509,178	4,754,914	613,740	475,168	115,119
% to Total Gross Income	45.9	42.2	47.7	49.3	65.6	59.9	22.9
GROSS PROFIT	24,514,884	11,466,729	7,126,076	4,895,518	321,995	317,906	386,660
% to Total Gross Income	54.1	57.8	52.3	50.7	34.4	40.1	77.1
EXPENSES:							
Salaries	12,411,006	5,261,288	3,755,001	2,870,084	212,129	218,080	94,424
Fringe benefits	952,180	471,598	305,159	179,787	-	-	(4,364)
Payroll taxes	958,221	434,633	300,479	215,862	-	-	7,247
Rent and building expenses	1,668,253	462,702	532,295	580,170	39,774	53,312	-
Utilities	331,781	222,698	41,665	46,492	13,258	6,578	1,090
Professional meetings, dues and travel	303,073	154,312	93,298	55,211	-	-	252
Business meals	183,492	85,234	80,810	16,925	-	-	523
Equipment rental	192,506	108,193	41,502	32,517	-	10,294	-
Copier and microfilm expense, net	193	193	-	-	-	-	-
Office supplies and stationery	186,024	70,864	67,627	45,315	-	2,218	-
Office expenses	711,254	359,477	172,355	127,545	22,097	14,948	14,832
Books and publications	147,567	99,563	19,043	26,563	2,398	-	-
Postage and courier service	240,255	116,499	77,113	46,643	-	-	-
Computer expense	211,481	97,697	57,992	41,198	-	4,560	10,034
Outsourcing expense	745,258	640,922	89,431	14,905			
Legal and professional fees	757,291	266,765	385,642	92,561	4,170	8,153	-
Depreciation and amortization	486,872	349,116	117,201	13,860	-	618	6,077
Marketing	73,543	57,930	8,574	7,039	-	-	-
Insurance	580,027	304,159	165,600	101,400	-	1,068	7,800
Other taxes	124,269	93,126	-	31,143	-	-	-
Interest expense	80,055	39,250	28,999	11,806	-	-	-
Pension expense	24,125	21,895	2,230	-	-	-	-
Other expenses	46,348	12,110	10,800	-	22,827	611	-
Allocated rent and building expense	-	(43,776)	20,232	23,544	-	-	-
Allocated salaries and fringe benefits	-	(261,135)	139,104	122,031	-	-	-
TOTAL EXPENSES	21,415,074	9,425,313	6,512,152	4,702,601	316,653	320,440	137,915
% TO TOTAL GROSS PROFIT	87.4	82.2	91.4	96.1	98.3	100.8	35.7
PROFESSIONAL INCOME	3,099,810	2,041,416	613,924	192,917	5,342	(2,534)	248,745
% TO TOTAL GROSS PROFIT	12.6	17.8	8.6	3.9	1.7	(0.8)	64.3
OTHER INCOME (EXPENSE), NET	(41,577)	(20,373)	(12,473)	(8,731)	-	-	-
%TO TOTAL GROSS PROFIT	(0.2)	(0.2)	(0.2)	(0.2)	-	-	-
NET INCOME (LOSS) BEFORE RETIRED PARTNERS EXPENSE	$ 3,058,233	$ 2,021,043	$ 601,451	$ 184,186	$ 5,342	$ (2,534)	$ 248,745
% TO TOTAL GROSS PROFIT	12.5	17.6	8.4	3.8	1.7	(0.8)	64.3
RETIRED PARTNERS EXPENSE	(16,000)						
NET INCOME AFTER RETIRED PARTNERS EXPENSE	$ 3,042,233						

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statement of Changes in Partners' Equity
Year Ended December 31, 2011

Partner	2011 Profit % (A)	Capital January 1, 2011	Drawings from 2010 Income	Total Distributable Income for the Year 2011	Drawings from 2011 Income	Interest on Partners' Capital	2011 Capital Contributions (Withdrawals)	Capital December 31, 2011		
								Undistributed Income	Capital Contributions	Total Capital
Allan S. Pilson	10.0000	$ 535,094	$ (1,394)	$ 321,473	$ 195,867	$ 17,019	$ (68,203)	$ 108,587	$ 466,891	$ 575,478
Richard J. Streit**	0.0000	86,992	-	-	-	-	(32,083)	-	54,909	54,909
Peter D. Galloway *****	0.0000	254,535	(60,758)	2,143	-	2,143	(109,194)	-	145,341	145,341
John Richards	10.0000	541,571	6,993	315,924	198,374	13,777	(22,296)	103,773	519,275	623,048
Daniel F. Zendel	10.0000	458,626	10,799	315,113	202,029	10,659	(35,230)	102,425	423,396	525,821
Lanning G. Bryer	10.0000	303,126	20,311	310,946	172,927	6,492	(7,665)	131,527	295,461	426,988
Frederick W. Meyers	10.0000	260,308	62,094	308,505	167,475	4,051	4,051	136,979	264,359	401,338
Janet I. Cord	10.0000	251,669	13,320	308,992	184,019	4,538	4,538	120,435	256,207	376,642
Mavis Gallenson	10.0000	281,088	67,262	310,118	205,219	5,664	(34,336)	99,235	246,752	345,987
Clifford Mass	10.0000	154,665	25,571	305,471	178,801	1,017	(6,032)	125,653	148,633	274,286
Dennis Prahl	10.0000	143,554	33,354	305,147	177,616	693	(10,193)	126,838	133,361	260,199
Burton Ehrlich	10.0000	86,405	(4,507)	304,454	227,066	-	(4,508)	77,388	81,897	159,285
Brian Hameder* and ***	0.0000	29,668	-	-	-	-	-	-	29,668	29,668
William Park* and ****	0.0000	13,073	(11,160)	-	-	-	(11,160)	-	1,913	1,913
Totals	100.00	$ 3,400,374	$ 161,885	$ 3,108,286	$ 1,909,393	$ 66,053	$ (332,311)	$ 1,132,840	$ 3,068,063	$ 4,200,903

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(A) The profit percentage has been applied to net income adjusted for the following items:
- (1) Salaries earned by J. Richards.
- (2) The first distributive share based on capital contributions.

* Admitted to the Partnership on January 1, 2009
** Became of counsel on January 1, 2009
*** Voluntarily withdrew on December 28, 2010
**** Voluntarily withdrew on May 15, 2010
***** Retired on April 14, 2010

Ladas & Parry LLP and Subsidiary
Schedule of Distributable Income
Year Ended December 31, 2011

Net Partnership Income	$ 3,042,233
Add: Interest on Partners' Capital	66,053
Total Distributable Book Income	3,108,286
Add: Salaries	
JR (£1,440.00 @1.60)	2,307
Total Distributable Income	$ 3,110,593

Partner	2011 Profit %	Total Distributable 2011	First Distributive Share	Balance Distributable	Foreign Earnings	Total Distributable Book Income	Reconciliation Book to Tax Income (A)	Taxable Income
Allan S. Pilson	10.0000	$ 321,473	$ 17,019	$ 304,454	$ -	$ 321,473	$ (47,602)	$ 273,871
Richard J. Streit	0.0000	-	-	-	-	-	-	-
Peter D. Galloway	0.0000	2,143	2,143	-	-	2,143	-	2,143
John Richards	10.0000	318,231	13,777	304,454	(2,307)	315,924	(47,602)	268,322
Daniel F. Zendel	10.0000	315,113	10,659	304,454	-	315,113	(47,602)	267,511
Lanning G. Bryer	10.0000	310,946	6,492	304,454	-	310,946	(47,602)	263,344
Frederick W. Meyers	10.0000	308,505	4,051	304,454	-	308,505	(47,602)	260,903
Janet I. Cord	10.0000	308,992	4,538	304,454	-	308,992	(47,602)	261,390
Mavis Gallenson	10.0000	310,118	5,664	304,454	-	310,118	(47,602)	262,516
Clifford Mass	10.0000	305,471	1,017	304,454	-	305,471	(47,602)	257,869
Dennis Prahl	10.0000	305,147	693	304,454	-	305,147	(47,602)	257,545
Burton Ehrlich	10.0000	304,454	-	304,454	-	304,454	(47,602)	256,852
Brian Hameder	0.0000	-	-	-	-	-	-	-
William Park	0.0000	-	-	-	-	-	-	-
Totals	100.00	$ 3,110,593	$ 66,053	$ 3,044,540	$ (2,307)	$ 3,108,286	$ (476,023)	$ 2,632,266

(A) Reconciliation of book to tax income is due to tax adjustments, including business meal partial disallowance and other nondeductible expenses, depreciation and amortization book to tax differences.

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Schedule of Voluntary and
Required Capital Contributions
Year Ended December 31, 2011

	Voluntary Capital Contributions			Required Capital Contributions			
Partner	Balance January 1, 2011	Net Additions (Withdrawals)	Balance December 31, 2011	Balance January 1, 2011	Net Withdrawals	Balance December 31, 2011	Total Capital Contributions December 31, 2011
Allan S. Pilson	$ 301,075	$ (68,203)	$ 232,872	$ 234,019	$ -	$ 234,019	$ 466,891
Richard J. Streit	-	-	-	86,992	(32,083)	54,909	54,909
Peter D. Galloway	113,774	(109,194)	4,580	140,761	-	140,761	145,341
John Richards	270,726	(22,296)	248,430	270,845	-	270,845	519,275
Daniel F. Zendel	188,202	(35,230)	152,972	270,424	-	270,424	423,396
Lanning G. Bryer	106,131	(7,665)	98,466	196,995	-	196,995	295,461
Frederick W. Myers	62,904	4,051	66,955	197,404	-	197,404	264,359
Janet I. Cord	70,566	4,538	75,104	181,103	-	181,103	256,207
Mavis Gallenson	99,422	(34,336)	65,086	181,666	-	181,666	246,752
Clifford Mass	20,479	(6,032)	14,447	134,186	-	134,186	148,633
Dennis Prahl	18,033	(10,193)	7,840	125,521	-	125,521	133,361
Burton Ehrlich	(16,324)	(4,508)	(20,832)	102,729	-	102,729	81,897
Brian Hameder	-	-	-	29,668	-	29,668	29,668
William Park	-	-	-	13,073	(11,160)	1,913	1,913
Total	$ 1,234,988	$ (289,068)	$ 945,920	$ 2,165,386	$ (43,243)	$ 2,122,143	$ 3,068,063

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 45,354,386**	$ 47,211,777	$ (1,857,391)	(3.9)
DISBURSEMENTS:				
Foreign	**14,006,475**	16,454,351	(2,447,876)	(14.9)
Domestic	**6,833,027**	7,080,666	(247,639)	(3.5)
Total Disbursements	**20,839,502**	23,535,017	(2,695,515)	(11.5)
% to Gross Income	**45.9**	49.8		
GROSS PROFIT	**24,514,884**	23,676,760	838,124	3.5
% to Gross Income	**54.1**	50.2		
EXPENSES:				
Salaries	**12,411,006**	12,220,896	190,110	1.6
Fringe benefits	**952,180**	955,662	(3,482)	(0.4)
Payroll taxes	**958,221**	910,429	47,792	5.2
Rent and building expenses	**1,668,253**	2,458,341	(790,088)	(32.1)
Utilities	**331,781**	415,251	(83,470)	(20.1)
Professional meetings, dues and travel	**303,073**	371,373	(68,300)	(18.4)
Business meals	**183,492**	120,709	62,783	52.0
Equipment rental	**192,506**	223,138	(30,632)	(13.7)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**186,024**	147,238	38,786	26.3
Office expense	**711,254**	486,401	224,853	46.2
Books and publications	**147,567**	150,230	(2,663)	(1.8)
Postage and courier service	**240,255**	269,780	(29,525)	(10.9)
Computer expense	**211,481**	162,957	48,524	29.8
Outsourcing expense	**745,258**	304,208	441,050	145.0
Legal and professional fees	**757,291**	636,574	120,717	19.0
Marketing	**73,543**	47,961	25,582	53.3
Depreciation and amortization	**486,872**	283,582	203,290	71.7
Insurance	**580,027**	529,680	50,347	9.5
Other taxes	**124,269**	93,367	30,902	33.1
Interest expense	**80,055**	100,079	(20,024)	(20.0)
Pension expense	**24,125**	29,400	(5,275)	(17.9)
Other expenses	**46,348**	37,786	8,562	22.7
TOTAL EXPENSES	**21,415,074**	20,955,915	459,159	2.2
% TO GROSS PROFIT	**87.4**	88.5		
PROFESSIONAL INCOME	**3,099,810**	2,720,845	378,965	13.9
% TO GROSS PROFIT	**12.6**	11.5		
OTHER INCOME (EXPENSES), NET	**(41,577)**	(173,320)	131,743	(76.0)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME BEFORE RETIRED PARTNERS EXPENSE	**3,058,233**	2,547,525	510,708	20.0
% TO GROSS PROFIT	**12.5**	10.8		
RETIRED PARTNERS EXPENSE	**(16,000)**	(140,396)	(124,396)	
NET INCOME AFTER RETIRED PARTNERS EXPENSE	**$ 3,042,233**	$ 2,407,129	$ 635,104	

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - New York Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 19,838,112**	19,843,872	$ (5,760)	0.0
DISBURSEMENTS:				
Foreign	**5,799,292**	6,124,715	(325,423)	(5.3)
Domestic	**2,572,091**	2,626,999	(54,908)	(2.1)
Total Disbursements	**8,371,383**	8,751,714	(380,331)	(4.3)
% to Gross Income	**42.2**	44.1		
GROSS PROFIT	**11,466,729**	11,092,158	374,571	3.4
% to Gross Income	**57.8**	55.9		
EXPENSES:				
Salaries	**5,261,288**	5,777,827	(516,539)	(8.9)
Fringe benefits	**471,598**	536,042	(64,444)	(12.0)
Payroll taxes	**434,633**	464,555	(29,922)	(6.4)
Rent and building expenses	**462,702**	1,371,018	(908,316)	(66.3)
Utilities	**222,698**	322,685	(99,987)	(31.0)
Professional meetings, dues and travel	**154,312**	183,536	(29,224)	(15.9)
Business meals	**85,234**	63,953	21,281	33.3
Equipment rental	**108,193**	138,804	(30,611)	(22.1)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**70,864**	64,242	6,622	10.3
Office expense	**359,477**	222,455	137,022	61.6
Books and publications	**99,563**	96,290	3,273	3.4
Postage and courier service	**116,499**	129,536	(13,037)	(10.1)
Computer expense	**97,697**	65,467	32,230	49.2
Outsourcing expense	**640,922**	255,718	385,204	151.0
Legal and professional fees	**266,765**	138,524	128,241	92.6
Depreciation and amortization	**349,116**	154,629	194,487	125.8
Marketing	**57,930**	33,997	23,933	70.4
Insurance	**304,159**	246,317	57,842	23.5
Other taxes	**93,126**	73,143	19,983	27.3
Interest expense	**39,250**	52,052	(12,802)	(24.6)
Pension expense	**21,895**	21,900	(5)	0.0
Other expenses	**12,110**	11,200	910	8.1
Allocated rent and building expense	**(43,776)**	(107,132)	63,356	(59.1)
Allocated salaries and fringe benefits	**(261,135)**	(267,797)	6,662	(2)
TOTAL EXPENSES	**9,425,313**	10,049,834	(624,521)	(6.2)
% TO GROSS PROFIT	**82.2**	90.6		
PROFESSIONAL INCOME	**2,041,416**	1,042,324	999,092	95.9
% TO GROSS PROFIT	**17.8**	9.4		
OTHER INCOME (EXPENSES), NET	**(20,373)**	(86,660)	66,287	(76.5)
%TO GROSS PROFIT	**(0.2)**	(0.8)		
NET INCOME	**$ 2,021,043**	$ 955,664	$ 1,065,379	111.5
% TO GROSS PROFIT	**17.6**	8.6		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Chicago Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 13,635,254**	18,842,974	$ (5,207,720)	(27.6)
DISBURSEMENTS:				
Foreign	**4,358,575**	8,122,477	(3,763,902)	(46.3)
Domestic	**2,150,603**	2,451,514	(300,911)	(12.3)
Total Disbursements	**6,509,178**	10,573,991	(4,064,813)	(38.4)
% to Gross Income	**47.7**	56.1		
GROSS PROFIT	**7,126,076**	8,268,983	(1,142,907)	(13.8)
% to Gross Income	**52.3**	43.9		
EXPENSES:				
Salaries	**3,755,001**	4,001,041	(246,040)	(6.1)
Fringe benefits	**305,159**	307,317	(2,158)	(0.7)
Payroll taxes	**300,479**	297,437	3,042	1.0
Rent and building expenses	**532,295**	536,951	(4,656)	(0.9)
Utilities	**41,665**	43,702	(2,037)	(4.7)
Professional meetings, dues and travel	**93,298**	142,278	(48,980)	(34.4)
Business meals	**80,810**	50,528	30,282	59.9
Equipment rental	**41,502**	44,398	(2,896)	(6.5)
Office supplies and stationery	**67,627**	63,675	3,952	6.2
Office expense	**172,355**	146,054	26,301	18.0
Books and publications	**19,043**	22,737	(3,694)	(16.2)
Postage and courier service	**77,113**	102,034	(24,921)	(24.4)
Computer expense	**57,992**	52,998	4,994	9.4
Outsourcing expense	**89,431**	38,625	50,806	127.0
Legal and professional fees	**385,642**	421,121	(35,479)	(8.4)
Depreciation and amortization	**117,201**	103,446	13,755	13.3
Marketing	**8,574**	10,297	(1,723)	(16.7)
Insurance	**165,600**	165,461	139	0.1
Interest expense	**28,999**	32,119	(3,120)	(9.7)
Pension expense	**2,230**	7,500	(5,270)	(70.3)
Other expenses	**10,800**	200	10,600	5,300.0
Allocated rent & building expense	**20,232**	55,409	(35,177)	(63.5)
Allocated salaries & fringe benefits	**139,104**	122,829	16,275	13
TOTAL EXPENSES	**6,512,152**	6,768,157	(256,005)	(3.8)
% TO GROSS PROFIT	**91.4**	81.8		
PROFESSIONAL INCOME	**613,924**	1,500,826	(886,902)	(59.1)
%TO GROSS PROFIT	**8.6**	18.2		
OTHER INCOME (EXPENSES), NET	**(12,473)**	(57,196)	44,723	(78.2)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME	**$ 601,451**	$ 1,443,630	$ (842,179)	(58.3)
% TO GROSS PROFIT	**8.4**	17.5		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Los Angeles Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 9,650,432**	$ 6,203,535	$ 3,446,897	55.6
DISBURSEMENTS:				
Foreign	**3,802,178**	2,172,616	1,629,562	75.0
Domestic	**952,736**	691,399	261,337	37.8
Total Disbursements	**4,754,914**	2,864,015	1,890,899	66.0
% to Gross Income	**49.3**	46.2		
GROSS PROFIT	**4,895,518**	3,339,520	1,555,998	46.6
% to Gross Income	**50.7**	53.8		
EXPENSES:				
Salaries	**2,870,084**	1,938,610	931,474	48.0
Fringe benefits	**179,787**	118,597	61,190	51.6
Payroll taxes	**215,862**	141,230	74,632	52.8
Rent and building expenses	**580,170**	464,361	115,809	24.9
Utilities	**46,492**	33,980	12,512	36.8
Professional meetings, dues and travel	**55,211**	44,780	10,431	23.3
Business meals	**16,925**	5,842	11,083	189.7
Equipment rental	**32,517**	30,506	2,011	6.6
Copier and microfilm expense, net	**-**	-	-	0.0
Office supplies and stationery	**45,315**	16,833	28,482	169.2
Office expense	**127,545**	74,586	52,959	71.0
Books and publications	**26,563**	31,009	(4,446)	(14.3)
Postage and courier service	**46,643**	38,210	8,433	22.1
Computer expense	**41,198**	27,826	13,372	48.1
Outsourcing expense	**14,905**	9,865	5,040	58.3
Legal and professional fees	**92,561**	58,680	33,881	57.7
Depreciation and amortization	**13,860**	18,369	(4,509)	(24.5)
Marketing	**7,039**	3,667	3,372	92.0
Insurance	**101,400**	107,103	(5,703)	(5.3)
Other taxes	**31,143**	20,224	10,919	54.0
Interest expense	**11,806**	15,908	(4,102)	(25.8)
Other expenses	**-**	50	(50)	(100.0)
Allocated rent & building expense	**23,544**	51,723	(28,179)	(54.5)
Allocated salaries and fringe benefits	**122,031**	144,968	(22,937)	(15.8)
TOTAL EXPENSES	**4,702,601**	3,396,927	1,305,674	38.4
% TO GROSS PROFIT	**96.1**	101.7		
PROFESSIONAL INCOME	**192,917**	(57,407)	250,324	(436.1)
% TO GROSS PROFIT	**3.9**	(1.7)		
OTHER INCOME (EXPENSES), NET	**(8,731)**	(29,464)	20,733	(70.4)
% TO GROSS PROFIT	**(0.2)**	(0.9)		
NET INCOME (LOSS)	**$ 184,186**	$ (86,871)	$ 271,057	(312.0)
% TO GROSS PROFIT	**3.8**	(2.6)		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - London Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 935,735**	$ 731,228	$ 204,507	28.0
DISBURSEMENTS:				
Domestic	**613,740**	427,436	186,304	43.6
% to Gross Income	**65.6**	58.5		
GROSS PROFIT	**321,995**	303,792	18,203	6.0
% to Gross Income	**34.4**	41.5		
EXPENSES:				
Salaries	**212,129**	180,505	31,624	17.5
Rent and building expense	**39,774**	33,844	5,930	17.5
Utilities	**13,258**	11,281	1,977	17.5
Office expense	**22,097**	18,803	3,294	17.5
Books and publications	**2,398**	194	2,204	1136.1
Legal and professional fees	**4,170**	6,336	(2,166)	(34.2)
Other expense	**22,827**	25,603	(2,776)	(10.8)
TOTAL EXPENSES	**316,653**	276,566	40,087	14.5
% TO GROSS PROFIT	**98.3**	91.0		
NET INCOME	**$ 5,342**	$ 27,226	$ (21,884)	(80.4)
% TO GROSS PROFIT	**1.7**	9.0		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Munich Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 793,074**	$ 1,206,237	$ (413,163)	(34.3)
DISBURSEMENTS:				
Domestic	**475,168**	773,657	(298,489)	(38.6)
% to Gross Income	**59.9**	64.1		
GROSS PROFIT	**317,906**	432,580	(114,674)	(26.5)
% to Gross Income	**40.1**	35.9		
EXPENSES:				
Salaries	**218,080**	225,987	(7,907)	(3.5)
Rent and building expenses	**53,312**	52,167	1,145	2.2
Utilities	**6,578**	2,628	3,950	150.3
Equipment rental	**10,294**	9,430	864	9.2
Office supplies and stationery	**2,218**	2,105	113	5.4
Office expense	**14,948**	11,975	2,973	24.8
Computer expense	**4,560**	6,470	(1,910)	(29.5)
Legal and professional fees	**8,153**	11,913	(3,760)	(31.6)
Depreciation and amortization	**618**	591	27	4.6
Insurance	**1,068**	1,017	51	5.0
Other expenses	**611**	733	(122)	(16.6)
TOTAL EXPENSES	**320,440**	325,016	(4,576)	(1.4)
% TO GROSS PROFIT	**100.8**	75.1		
NET INCOME (LOSS)	**$ (2,534)**	$ 107,564	$ (110,098)	(102.4)
% TO GROSS PROFIT	**(0.8)**	24.9		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 501,779**	$ 383,931	$ 117,848	30.7
DISBURSEMENTS:				
Foreign	**46,430**	34,543	11,887	0.0
Domestic	**68,689**	109,661	(40,972)	(37.4)
Total Disbursements	**115,119**	144,204	(29,085)	(20.2)
% to Gross Income	**22.9**	37.6		
GROSS PROFIT	**386,660**	239,727	146,933	61.3
% to Gross Income	**77.1**	62.4		
EXPENSES:				
Salaries	**94,424**	96,926	(2,502)	(2.6)
Fringe benefits	**(4,364)**	(6,294)	1,930	(30.7)
Payroll taxes	**7,247**	7,207	40	0.6
Utilities	**1,090**	975	115	11.8
Travel expense	**252**	779	(527)	(67.7)
Business meals	**523**	386	137	35.5
Office supplies and stationery	**-**	383	(383)	(100.0)
Office expense	**14,832**	12,528	2,304	18.4
Computer expense	**10,034**	10,196	(162)	(1.6)
Depreciation and amortization	**6,077**	6,547	(470)	(7.2)
Insurance	**7,800**	9,782	(1,982)	(20.3)
TOTAL EXPENSES	**137,915**	139,415	(1,500)	(1.1)
% TO GROSS INCOME	**35.7**	58.2		
NET INCOME	**$ 248,745**	$ 100,312	$ 148,433	148.0
% TO GROSS PROFIT	**64.3**	41.8		

Ladas & Parry LLP and Subsidiary
Compensation to Special Partners and Managers
Year Ended December 31, 2011

		Share Per Contract			
		%	Computed Amount	Paid on Account	Balance Due
New York Office					
Bharati Bakshani	S	1.4000	$ 149,084	$ 130,457	$ 18,627
Charles Bernstein **	P	0.8000	119,844	119,844	-
Scott J. Lebson	S	1.4000	139,000	139,000	-
Ralph H. Cathcart	S	0.0035	175,000	175,000	-
New York Office Total		3.6035	582,928	564,301	18,627
Chicago Office					
John E. McKie	S	1.4000	128,393	115,000	13,393
Chicago Office Total		1.4000	128,393	115,000	13,393
Los Angeles Office					
Muriel I. Smith Hess	S	1.4000	146,435	115,040	31,395
Los Angeles Office Total		1.4000	146,435	115,040	31,395
Graham Farrington*	S	1.4000	120,290	120,290	-
ALL OFFICES		7.8035	$ 978,046	$ 914,631	$ 63,415

P=Professional Employee
S=Special Partner
* Regular salary paid by Langner Parry, only the balance due is paid by Ladas & Parry.
** Resigned on October 15, 2011

LADAS & PARRY LLP AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

Ladas & Parry LLP and Subsidiary

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP

We have audited the accompanying consolidated balance sheets of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in partners' equity, comprehensive income, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements of the London and Munich offices, which statements reflect total assets of $3,894,610 and $3,713,873 as of December 31, 2011 and 2010, respectively and total revenues of $1,728,809 and $1,937,465 for the years then ended, respectively. We were unable to satisfy ourselves about these amounts by means of other auditing procedures.

As discussed in Note 8 to the consolidated financial statements, the Partnership has not complied with the provisions that require the recognition of rent expense on a straight-line basis over the lease term which, in our opinion, should be followed in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

In our opinion, except for the effect of not complying with the provisions that require the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, that might have been determined to be necessary, had we audited the financial statements of the London and Munich offices as discussed in the two preceding paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ladas & Parry LLP and Subsidiary as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,930,967	$ 3,248,512
Accounts receivable, net	19,054,501	18,360,938
Prepaid expenses and other current assets	782,130	663,552
Total current assets	21,767,598	22,273,002
Property and equipment, net	2,777,472	1,193,109
Investments - restricted	125,749	151,571
Other assets		
Goodwill	294,500	294,500
Deferred leasing cost, net of accumulated amortization	19,394	-
Total other assets	313,894	294,500
Total assets	$ 24,984,713	$ 23,912,182
Liabilities and Partners' Equity		
Current liabilities		
Current portion of long-term debt	$ 135,012	$ 20,833
Accounts payable and accrued expenses	18,470,344	19,503,750
Total current liabilities	18,605,356	19,524,583
Long-term liabilities		
Long-term debt, net of current portion	246,581	104,167
Other liabilities	132,013	151,363
Total long-term liabilities	378,594	255,530
Deferred lease incentives	1,806,124	569,602
Partners' equity		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss)	(6,264)	208
Total partners' equity	4,194,639	3,562,467
Total liabilities and partners' equity	$ 24,984,713	$ 23,912,182

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 45,354,386	100.0	$ 47,211,777	100.0
Disbursements	20,839,502	45.9	23,535,017	49.8
Gross profit from services	24,514,884	54.1	23,676,760	50.2
General and administrative expenses	21,431,074	47.3	21,096,311	44.7
Professional income	3,083,810	6.8	2,580,449	5.5
Other income (expenses), net	(41,577)	(0.1)	(173,320)	(0.4)
Net income	$ 3,042,233	6.7	$ 2,407,129	5.1

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2011 and 2010

	2011	2010
Partners' equity before accumulated other comprehensive income (loss), beginning of year	$ 3,562,259	$ 3,913,244
Capital withdrawals, net	(332,311)	(283,617)
Net income	3,042,233	2,407,129
	6,272,181	6,036,756
Less drawings:		
Prior year's income	161,885	229,253
Current year's income	1,909,393	2,245,244
	2,071,278	2,474,497
Partners' equity, end of year		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss):		
Net unrealized holding income (loss) on investments - restricted	(6,264)	208
Total partners' equity, end of year	$ 4,194,639	$ 3,562,467

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2010 and 2009

	2011	2010
Net income	$ 3,042,233	$ 2,407,129
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	(6,472)	7,784
Comprehensive income	$ 3,035,761	$ 2,414,913

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Net income	$ 3,042,233	$ 2,407,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	486,872	283,952
Amortization of deferred lease incentives	(163,477)	(81,562)
Increase in partners' capital for interest	66,053	92,399
Loss on abandonment of leasehold improvements	12,072	-
Changes in operating assets and liabilities:		
(Increase) in:		
Accounts receivable, net	(693,563)	(1,206,421)
Prepaid expenses and other current assets	(118,578)	(145,383)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,033,406)	2,459,577
Other liabilities	(19,350)	3,883
Total adjustments	(1,463,377)	1,406,445
Net cash provided by operating activities	1,578,856	3,813,574
Cash flows from investing activities		
Purchase of property and equipment	(261,029)	(111,069)
Purchase of investments, restricted	(2,118)	(28,660)
Proceeds from sale of investments, restricted	21,458	24,777
Increase in deferred leasing cost	(20,033)	-
Net cash used by investing activities	(261,722)	(114,952)
Cash flows from financing activities		
Proceeds from long-term debt	375,000	125,000
Payments of long-term debt	(540,037)	(375,000)
Partners' drawings from income	(2,071,278)	(2,474,497)
Partners' capital withdrawals, net	(398,364)	(376,016)
Net cash used by financing activities	(2,634,679)	(3,100,513)
Net increase (decrease) in cash and cash equivalents	(1,317,545)	598,109
Cash and cash equivalents - Beginning of year	3,248,512	2,650,403
Cash and cash equivalents - End of year	$ 1,930,967	$ 3,248,512
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 80,055	$ 100,079
Income taxes	$ 45,729	$ 3,875
Supplemental non-cash disclosures of cash flow information:		
Equipment capitalized in exchange for long term debt	$ 421,630	$ -
Leasehold improvements acquired through deferred lease incentives	$ 1,400,000	$ -

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas & Parry LLP (the "Partnership") and its wholly-owned subsidiary, Ladas Domains, LLC (the "Subsidiary"). All significant intercompany balances and transactions have been eliminated in consolidation.

Organization and Nature of Business
Ladas & Parry LLP was organized and commenced operations in 1912 as a New York general partnership. During 2003, the Partnership was converted from a general partnership to a limited liability partnership. The Partnership is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. The Partnership maintains offices in New York City, Chicago, Los Angeles, London and Munich.

Ladas Domains, LLC was organized in 2005 as a Delaware limited liability company and provides domain name services and assists customers in managing online brands.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

The Partnership does not charge interest on all client account balances that exceed 120 days old.

Investments - Restricted
The Partnership's investments in marketable securities, held in an Irrevocable Grantor Trust (see Notes 3 and 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed principally using accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Note 1 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was recognized for the years ended December 31, 2011 and 2010.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT"). The UBT expense was $60,000 and $28,000 for the years ended December 31, 2011 and 2010, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has determined that this pronouncement does not affect the activity of the Partnership.

The Partnership's policy is to record interest expense and penalties in general and administrative expenses. For the years ended December 31, 2011 and 2010, there was no interest and penalties expenses recorded and no accrued interest and penalties.

The tax years subject to examination by the U.S. taxing authorities are the years ended December 31, 2008 and forward.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements including copying, postage and courier charges and hard disbursements consisting primarily of foreign agent costs, are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements
Recent changes in accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value and expanded disclosures about fair value measurements.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and long-term debt. The fair value of the cash and cash equivalents, accounts receivable, and accounts payable approximates carrying values due to their short term nature. The recorded value of long-term debt approximates fair value, as interest rates approximate market rates.

The standard established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability access.

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and accounts receivable.

Note 1 – Summary of Significant Accounting Policies (continued)

The Partnership maintains cash balances at several banks in the New York, Chicago and Los Angeles metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 8, 2012, the date the financial statements were available to be issued.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31, 2011 and 2010:

	2011	2010
Accounts receivable	$ 19,774,501	$ 18,857,938
Less: allowance for doubtful accounts	720,000	497,000
	$ 19,054,501	$ 18,360,938

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2011 and 2010:

	Investments at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 86,817	$ -	$ -	$ 86,817
Cash and money market	-	38,932	-	38,932
Total investments at fair value	$ 86,817	$ 38,932	$ -	$ 125,749

Note 3 – Investments – Restricted (continued)

	Investments at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Equities	$ 93,586	$ -	$ -	$ 93,586
Cash and money market	-	57,985	-	57,985
Total investments at fair value	$ 93,586	$ 57,985	$ -	$ 151,571

Investments consist of the following as of December 31, 2011:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,082	$ 25,597	$ 31,862	$ 86,817
Cash and money market	38,932	-	-	38,932
	$ 132,014	$ 25,597	$ 31,862	$ 125,749

Proceeds from sales of securities classified as available-for-sale were $21,458 for 2011. The net unrealized holding loss increased by $6,473 for the year ended December 31, 2011.

Investments consist of the following as of December 31, 2010:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,378	$ 14,625	$ 14,417	$ 93,586
Cash and money market	57,985	-	-	57,985
	$ 151,363	$ 14,625	$ 14,417	$ 151,571

Proceeds from sales of securities classified as available-for-sale were $24,777 in 2010. The net unrealized holding loss decreased by $7,784 for the year ended December 31, 2010.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31, 2011 and 2010:

	2011	2010
Furniture and fixtures	$ 611,621	$ 752,974
Office equipment	1,362,569	3,707,724
Computer software costs	3,521,406	3,474,832
Leasehold improvements	2,642,774	2,590,920
	8,138,370	10,526,450
Less: accumulated depreciation and amortization	5,360,898	9,333,341
	$ 2,777,472	$ 1,193,109

Depreciation and amortization expense was $486,872 and $283,952 for the years ended December 31, 2011 and 2010, respectively.

Note 5 – Bank Debt

On July 29, 2011, the Partnership entered a credit facility agreement with City National Bank, ("the Bank") with a maximum borrowing capacity of $1,800,000 consisting of a $500,000 line of credit, $800,000 letter of credit and $500,000 leasing line of credit. This credit facility replaced the Partnership's relationship with its prior bank, Wells Fargo Bank.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 3.5% or the bank's prime rate. There were no borrowings on the line of credit as of December 31, 2011. The letter of credit is in lieu of a cash security deposit for the Partnership's New York City office (See Note 8). The leasing line of credit is to be used for equipment purchases and requires thirty-six monthly payments of principle and interest on the portion utilized. The interest rate on the leasing line of credit is the same rate as the line of credit. At December 31, 2011, the Partnership's borrowing under the leasing line of credit is $381,593.

The aggregate maturities of the leasing line of credit as of December 31, 2011 are as follows:

Years Ending December 31,	
2012	$ 135,012
2013	142,536
2014	104,045
	$ 381,593

The new credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

The Partnership was obligated to Wells Fargo Bank under the terms of a $1,000,000 line of credit and a $500,000 term loan. There was no outstanding borrowing on the credit line as of December 31, 2010. Interest was payable monthly on the outstanding balance at the LIBOR rate plus 2% or the bank prime rate, less 0.5%. During 2010, the Partnership borrowed $125,000 on the term loan with the remaining $375,000 borrowed in 2011. The loan was repaid with the proceeds from the Partnership's new credit facility agreement. Interest was payable monthly at the lower of the bank prime rate plus 0.25% or the one month LIBOR market index rate plus 2.75% (3.01% as of December 31, 2010).

Note 6 – Related Party Transactions

The Partnership owns 100% of the outstanding stock of a United Kingdom corporation, Langner Parry Limited ("Langner"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating Langner.

Partnership transactions for the years ended December 31, 2011 and 2010 and balances as of December 31, 2011 and 2010 with Langner are summarized as follows:

	2011	2010
Due from Langner included in accounts receivable	$ 1,587,541	$ 1,382,767
Fees billed to Langner	$ 188,679	$ 343,865
Disbursements billed by Langner	$ 178,896	$ 307,641
Service charges billed by Langner	$ 441,937	$ 375,163

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership contributed $25,331 and $16,375 for the years ended December 31, 2011 and 2010, respectively, which are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles and Munich under noncancellable operating leases that expire at various dates through 2026. The leases have escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which can extend the leases up to ten years. Certain leases provide for escalation of taxes and other operating expenses.

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses are as follows:

Years Ending December 31,	
2012	$ 1,787,000
2013	1,997,000
2014	2,032,000
2015	2,037,000
2016	2,124,000
Thereafter	13,372,000
	$ 23,349,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2009)	$ 43,721
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance was as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 569,602	$ 651,164
Additions	1,400,000	-
Amortization	(163,478)	(81,562)
Balance, end of year	$ 1,806,124	$ 569,602

Rent and building expenses was $1,668,253 and $2,458,341 for the years ended December 31, 2011 and 2010, respectively.

Note 8 – Commitments (continued)

The Partnership is required under generally accepted accounting principles to comply with the provisions that require the recognition of rent expense on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense under Internal Revenue Service regulations. If the provisions were followed, net income would be decreased by $430,050 and $102,717 for the years ended December 31, 2011 and 2010, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,315,438 and $885,388 as of December 31, 2011 and 2010, respectively.

Letter of Credit
The Partnership issued a letter of credit in the amount of $61,509 in lieu of a cash security deposit for its Los Angeles office. The letter of credit is extended to September 30, 2012. The Partnership also issued a letter of credit in the amount of $800,000 in lieu of a cash security deposit for its new office in New York City (see Note 5). The letter of credit expires on August 1, 2012. The letter of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. These agreements provide for suspension of payments under certain circumstances. The expense was $16,000 and $140,396 for the years ended December 31, 2011 and 2010, respectively. In 2010, the Partnership invoked its right to suspend payments for 2011. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There was no expense for the years ended December 31, 2011 and 2010. The obligation is classified as other liabilities. The Trust assets, classified as investments in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

Employment Contracts
Certain "special" partners and managers receive the higher of a base compensation, guaranteed minimum or a calculation based on a percentage of income. Total compensation for these employees was $978,046 and $1,096,043 for the years ended December 31, 2011 and 2010, respectively, and are included in general and administrative expenses (salaries).

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $162,000 and $146,000 as of December 31, 2011 and 2010, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Supplementary Information

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Interest on partners' capital balances	$ 66,053	$ 92,399
Other	14,002	7,680
	$ 80,055	$ 100,079

Note 11 – Sales to Foreign Clients

Services provided to clients outside of the United States approximated 33% and 30% of gross income for the years ended December 31, 2011 and 2010, respectively.

Independent Auditor's Report on Supplementary Information

To the Partners
Ladas & Parry LLP

We have audited the consolidated financial statements of Ladas & Parry LLP and Subsidiary as of and for the years ended December 31, 2011 and 2010, and our report thereon dated March 8, 2012, which appears on page 1, was qualified as to the effect of not complying with the provision of generally accepted accounting principles that requires the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, had we audited the financial statements of the London and Munich offices. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the consolidated financial statements as described above, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Year Ended December 31, 2011

	Total	New York	Chicago	Los Angeles	London	Munich	Ladas Domains
GROSS INCOME:							
Patent Departments	$ 23,758,701	$ 7,151,642	$ 8,230,594	$ 7,583,391	$ -	$ 793,074	$ -
Trademark Departments	18,180,984	11,230,794	4,319,528	1,193,148	935,735	-	501,779
Patent Taxes and Annuities	2,005,353	911,059	348,838	745,456	-	-	-
Litigation Department	1,409,348	544,617	736,294	128,437	-	-	-
TOTAL GROSS INCOME	45,354,386	19,838,112	13,635,254	9,650,432	935,735	793,074	501,779
DISBURSEMENTS:							
Foreign	14,006,475	5,799,292	4,358,575	3,802,178	-	-	46,430
Domestic	6,833,027	2,572,091	2,150,603	952,736	613,740	475,168	68,689
Total Disbursements	20,839,502	8,371,383	6,509,178	4,754,914	613,740	475,168	115,119
% to Total Gross Income	45.9	42.2	47.7	49.3	65.6	59.9	22.9
GROSS PROFIT	24,514,884	11,466,729	7,126,076	4,895,518	321,995	317,906	386,660
% to Total Gross Income	54.1	57.8	52.3	50.7	34.4	40.1	77.1
EXPENSES:							
Salaries	12,411,006	5,261,288	3,755,001	2,870,084	212,129	218,080	94,424
Fringe benefits	952,180	471,598	305,159	179,787	-	-	(4,364)
Payroll taxes	958,221	434,633	300,479	215,862	-	-	7,247
Rent and building expenses	1,668,253	462,702	532,295	580,170	39,774	53,312	-
Utilities	331,781	222,698	41,665	46,492	13,258	6,578	1,090
Professional meetings, dues and travel	303,073	154,312	93,298	55,211	-	-	252
Business meals	183,492	85,234	80,810	16,925	-	-	523
Equipment rental	192,506	108,193	41,502	32,517	-	10,294	-
Copier and microfilm expense, net	193	193	-	-	-	-	-
Office supplies and stationery	186,024	70,864	67,627	45,315	-	2,218	-
Office expenses	711,254	359,477	172,355	127,545	22,097	14,948	14,832
Books and publications	147,567	99,563	19,043	26,563	2,398	-	-
Postage and courier service	240,255	116,499	77,113	46,643	-	-	-
Computer expense	211,481	97,697	57,992	41,198	-	4,560	10,034
Outsourcing expense	745,258	640,922	89,431	14,905			
Legal and professional fees	757,291	266,765	385,642	92,561	4,170	8,153	-
Depreciation and amortization	486,872	349,116	117,201	13,860	-	618	6,077
Marketing	73,543	57,930	8,574	7,039	-	-	-
Insurance	580,027	304,159	165,600	101,400	-	1,068	7,800
Other taxes	124,269	93,126	-	31,143	-	-	-
Interest expense	80,055	39,250	28,999	11,806	-	-	-
Pension expense	24,125	21,895	2,230	-	-	-	-
Other expenses	46,348	12,110	10,800	-	22,827	611	-
Allocated rent and building expense	-	(43,776)	20,232	23,544	-	-	-
Allocated salaries and fringe benefits	-	(261,135)	139,104	122,031	-	-	-
TOTAL EXPENSES	21,415,074	9,425,313	6,512,152	4,702,601	316,653	320,440	137,915
% TO TOTAL GROSS PROFIT	87.4	82.2	91.4	96.1	98.3	100.8	35.7
PROFESSIONAL INCOME	3,099,810	2,041,416	613,924	192,917	5,342	(2,534)	248,745
% TO TOTAL GROSS PROFIT	12.6	17.8	8.6	3.9	1.7	(0.8)	64.3
OTHER INCOME (EXPENSE), NET	(41,577)	(20,373)	(12,473)	(8,731)	-	-	-
%TO TOTAL GROSS PROFIT	(0.2)	(0.2)	(0.2)	(0.2)	-	-	-
NET INCOME (LOSS) BEFORE RETIRED PARTNERS EXPENSE	$ 3,058,233	$ 2,021,043	$ 601,451	$ 184,186	$ 5,342	$ (2,534)	$ 248,745
% TO TOTAL GROSS PROFIT	12.5	17.6	8.4	3.8	1.7	(0.8)	64.3
RETIRED PARTNERS EXPENSE	(16,000)						
NET INCOME AFTER RETIRED PARTNERS EXPENSE	$ 3,042,233						

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statement of Changes in Partners' Equity
Year Ended December 31, 2011

Partner	2011 Profit % (A)	Capital January 1, 2011	Drawings from 2010 Income	Total Distributable Income for the Year 2011	Drawings from 2011 Income	Interest on Partners' Capital	2011 Capital Contributions (Withdrawals)	Capital December 31, 2011		
								Undistributed Income	Capital Contributions	Total Capital
Allan S. Pilson	10.0000	$ 535,094	$ (1,394)	$ 321,473	$ 195,867	$ 17,019	$ (68,203)	$ 108,587	$ 466,891	$ 575,478
Richard J. Streit**	0.0000	86,992	-	-	-	-	(32,083)	-	54,909	54,909
Peter D. Galloway *****	0.0000	254,535	(60,758)	2,143	-	2,143	(109,194)	-	145,341	145,341
John Richards	10.0000	541,571	6,993	315,924	198,374	13,777	(22,296)	103,773	519,275	623,048
Daniel F. Zendel	10.0000	458,626	10,799	315,113	202,029	10,659	(35,230)	102,425	423,396	525,821
Lanning G. Bryer	10.0000	303,126	20,311	310,946	172,927	6,492	(7,665)	131,527	295,461	426,988
Frederick W. Meyers	10.0000	260,308	62,094	308,505	167,475	4,051	4,051	136,979	264,359	401,338
Janet I. Cord	10.0000	251,669	13,320	308,992	184,019	4,538	4,538	120,435	256,207	376,642
Mavis Gallenson	10.0000	281,088	67,262	310,118	205,219	5,664	(34,336)	99,235	246,752	345,987
Clifford Mass	10.0000	154,665	25,571	305,471	178,801	1,017	(6,032)	125,653	148,633	274,286
Dennis Prahl	10.0000	143,554	33,354	305,147	177,616	693	(10,193)	126,838	133,361	260,199
Burton Ehrlich	10.0000	86,405	(4,507)	304,454	227,066	-	(4,508)	77,388	81,897	159,285
Brian Hameder* and ***	0.0000	29,668	-	-	-	-	-	-	29,668	29,668
William Park* and ****	0.0000	13,073	(11,160)	-	-	-	(11,160)	-	1,913	1,913
Totals	100.00	$ 3,400,374	$ 161,885	$ 3,108,286	$ 1,909,393	$ 66,053	$ (332,311)	$ 1,132,840	$ 3,068,063	$ 4,200,903

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(A) The profit percentage has been applied to net income adjusted for the following items:
- (1) Salaries earned by J. Richards.
- (2) The first distributive share based on capital contributions.

* Admitted to the Partnership on January 1, 2009
** Became of counsel on January 1, 2009
*** Voluntarily withdrew on December 28, 2010
**** Voluntarily withdrew on May 15, 2010
***** Retired on April 14, 2010

Ladas & Parry LLP and Subsidiary
Schedule of Distributable Income
Year Ended December 31, 2011

Net Partnership Income	$ 3,042,233
Add: Interest on Partners' Capital	66,053
Total Distributable Book Income	3,108,286
Add: Salaries	
JR (£1,440.00 @1.60)	2,307
Total Distributable Income	$ 3,110,593

Partner	2011 Profit %	Total Distributable 2011	First Distributive Share	Balance Distributable	Foreign Earnings	Total Distributable Book Income	Reconciliation Book to Tax Income (A)	Taxable Income
Allan S. Pilson	10.0000	$ 321,473	$ 17,019	$ 304,454	$ -	$ 321,473	$ (47,602)	$ 273,871
Richard J. Streit	0.0000	-	-	-	-	-	-	-
Peter D. Galloway	0.0000	2,143	2,143	-	-	2,143	-	2,143
John Richards	10.0000	318,231	13,777	304,454	(2,307)	315,924	(47,602)	268,322
Daniel F. Zendel	10.0000	315,113	10,659	304,454	-	315,113	(47,602)	267,511
Lanning G. Bryer	10.0000	310,946	6,492	304,454	-	310,946	(47,602)	263,344
Frederick W. Meyers	10.0000	308,505	4,051	304,454	-	308,505	(47,602)	260,903
Janet I. Cord	10.0000	308,992	4,538	304,454	-	308,992	(47,602)	261,390
Mavis Gallenson	10.0000	310,118	5,664	304,454	-	310,118	(47,602)	262,516
Clifford Mass	10.0000	305,471	1,017	304,454	-	305,471	(47,602)	257,869
Dennis Prahl	10.0000	305,147	693	304,454	-	305,147	(47,602)	257,545
Burton Ehrlich	10.0000	304,454	-	304,454	-	304,454	(47,602)	256,852
Brian Hameder	0.0000	-	-	-	-	-	-	-
William Park	0.0000	-	-	-	-	-	-	-
Totals	100.00	$ 3,110,593	$ 66,053	$ 3,044,540	$ (2,307)	$ 3,108,286	$ (476,023)	$ 2,632,266

(A) Reconciliation of book to tax income is due to tax adjustments, including business meal partial disallowance and other nondeductible expenses, depreciation and amortization book to tax differences.

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Schedule of Voluntary and
Required Capital Contributions
Year Ended December 31, 2011

	Voluntary Capital Contributions			Required Capital Contributions			
Partner	Balance January 1, 2011	Net Additions (Withdrawals)	Balance December 31, 2011	Balance January 1, 2011	Net Withdrawals	Balance December 31, 2011	Total Capital Contributions December 31, 2011
Allan S. Pilson	$ 301,075	$ (68,203)	$ 232,872	$ 234,019	$ -	$ 234,019	$ 466,891
Richard J. Streit	-	-	-	86,992	(32,083)	54,909	54,909
Peter D. Galloway	113,774	(109,194)	4,580	140,761	-	140,761	145,341
John Richards	270,726	(22,296)	248,430	270,845	-	270,845	519,275
Daniel F. Zendel	188,202	(35,230)	152,972	270,424	-	270,424	423,396
Lanning G. Bryer	106,131	(7,665)	98,466	196,995	-	196,995	295,461
Frederick W. Myers	62,904	4,051	66,955	197,404	-	197,404	264,359
Janet I. Cord	70,566	4,538	75,104	181,103	-	181,103	256,207
Mavis Gallenson	99,422	(34,336)	65,086	181,666	-	181,666	246,752
Clifford Mass	20,479	(6,032)	14,447	134,186	-	134,186	148,633
Dennis Prahl	18,033	(10,193)	7,840	125,521	-	125,521	133,361
Burton Ehrlich	(16,324)	(4,508)	(20,832)	102,729	-	102,729	81,897
Brian Hameder	-	-	-	29,668	-	29,668	29,668
William Park	-	-	-	13,073	(11,160)	1,913	1,913
Total	$ 1,234,988	$ (289,068)	$ 945,920	$ 2,165,386	$ (43,243)	$ 2,122,143	$ 3,068,063

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 45,354,386**	$ 47,211,777	$ (1,857,391)	(3.9)
DISBURSEMENTS:				
Foreign	**14,006,475**	16,454,351	(2,447,876)	(14.9)
Domestic	**6,833,027**	7,080,666	(247,639)	(3.5)
Total Disbursements	**20,839,502**	23,535,017	(2,695,515)	(11.5)
% to Gross Income	**45.9**	49.8		
GROSS PROFIT	**24,514,884**	23,676,760	838,124	3.5
% to Gross Income	**54.1**	50.2		
EXPENSES:				
Salaries	**12,411,006**	12,220,896	190,110	1.6
Fringe benefits	**952,180**	955,662	(3,482)	(0.4)
Payroll taxes	**958,221**	910,429	47,792	5.2
Rent and building expenses	**1,668,253**	2,458,341	(790,088)	(32.1)
Utilities	**331,781**	415,251	(83,470)	(20.1)
Professional meetings, dues and travel	**303,073**	371,373	(68,300)	(18.4)
Business meals	**183,492**	120,709	62,783	52.0
Equipment rental	**192,506**	223,138	(30,632)	(13.7)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**186,024**	147,238	38,786	26.3
Office expense	**711,254**	486,401	224,853	46.2
Books and publications	**147,567**	150,230	(2,663)	(1.8)
Postage and courier service	**240,255**	269,780	(29,525)	(10.9)
Computer expense	**211,481**	162,957	48,524	29.8
Outsourcing expense	**745,258**	304,208	441,050	145.0
Legal and professional fees	**757,291**	636,574	120,717	19.0
Marketing	**73,543**	47,961	25,582	53.3
Depreciation and amortization	**486,872**	283,582	203,290	71.7
Insurance	**580,027**	529,680	50,347	9.5
Other taxes	**124,269**	93,367	30,902	33.1
Interest expense	**80,055**	100,079	(20,024)	(20.0)
Pension expense	**24,125**	29,400	(5,275)	(17.9)
Other expenses	**46,348**	37,786	8,562	22.7
TOTAL EXPENSES	**21,415,074**	20,955,915	459,159	2.2
% TO GROSS PROFIT	**87.4**	88.5		
PROFESSIONAL INCOME	**3,099,810**	2,720,845	378,965	13.9
% TO GROSS PROFIT	**12.6**	11.5		
OTHER INCOME (EXPENSES), NET	**(41,577)**	(173,320)	131,743	(76.0)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME BEFORE RETIRED PARTNERS EXPENSE	**3,058,233**	2,547,525	510,708	20.0
% TO GROSS PROFIT	**12.5**	10.8		
RETIRED PARTNERS EXPENSE	**(16,000)**	(140,396)	(124,396)	
NET INCOME AFTER RETIRED PARTNERS EXPENSE	**$ 3,042,233**	$ 2,407,129	$ 635,104	

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - New York Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 19,838,112**	19,843,872	$ (5,760)	0.0
DISBURSEMENTS:				
Foreign	**5,799,292**	6,124,715	(325,423)	(5.3)
Domestic	**2,572,091**	2,626,999	(54,908)	(2.1)
Total Disbursements	**8,371,383**	8,751,714	(380,331)	(4.3)
% to Gross Income	**42.2**	44.1		
GROSS PROFIT	**11,466,729**	11,092,158	374,571	3.4
% to Gross Income	**57.8**	55.9		
EXPENSES:				
Salaries	**5,261,288**	5,777,827	(516,539)	(8.9)
Fringe benefits	**471,598**	536,042	(64,444)	(12.0)
Payroll taxes	**434,633**	464,555	(29,922)	(6.4)
Rent and building expenses	**462,702**	1,371,018	(908,316)	(66.3)
Utilities	**222,698**	322,685	(99,987)	(31.0)
Professional meetings, dues and travel	**154,312**	183,536	(29,224)	(15.9)
Business meals	**85,234**	63,953	21,281	33.3
Equipment rental	**108,193**	138,804	(30,611)	(22.1)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**70,864**	64,242	6,622	10.3
Office expense	**359,477**	222,455	137,022	61.6
Books and publications	**99,563**	96,290	3,273	3.4
Postage and courier service	**116,499**	129,536	(13,037)	(10.1)
Computer expense	**97,697**	65,467	32,230	49.2
Outsourcing expense	**640,922**	255,718	385,204	151.0
Legal and professional fees	**266,765**	138,524	128,241	92.6
Depreciation and amortization	**349,116**	154,629	194,487	125.8
Marketing	**57,930**	33,997	23,933	70.4
Insurance	**304,159**	246,317	57,842	23.5
Other taxes	**93,126**	73,143	19,983	27.3
Interest expense	**39,250**	52,052	(12,802)	(24.6)
Pension expense	**21,895**	21,900	(5)	0.0
Other expenses	**12,110**	11,200	910	8.1
Allocated rent and building expense	**(43,776)**	(107,132)	63,356	(59.1)
Allocated salaries and fringe benefits	**(261,135)**	(267,797)	6,662	(2)
TOTAL EXPENSES	**9,425,313**	10,049,834	(624,521)	(6.2)
% TO GROSS PROFIT	**82.2**	90.6		
PROFESSIONAL INCOME	**2,041,416**	1,042,324	999,092	95.9
% TO GROSS PROFIT	**17.8**	9.4		
OTHER INCOME (EXPENSES), NET	**(20,373)**	(86,660)	66,287	(76.5)
%TO GROSS PROFIT	**(0.2)**	(0.8)		
NET INCOME	**$ 2,021,043**	$ 955,664	$ 1,065,379	111.5
% TO GROSS PROFIT	**17.6**	8.6		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Chicago Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 13,635,254**	18,842,974	$ (5,207,720)	(27.6)
DISBURSEMENTS:				
Foreign	**4,358,575**	8,122,477	(3,763,902)	(46.3)
Domestic	**2,150,603**	2,451,514	(300,911)	(12.3)
Total Disbursements	**6,509,178**	10,573,991	(4,064,813)	(38.4)
% to Gross Income	**47.7**	56.1		
GROSS PROFIT	**7,126,076**	8,268,983	(1,142,907)	(13.8)
% to Gross Income	**52.3**	43.9		
EXPENSES:				
Salaries	**3,755,001**	4,001,041	(246,040)	(6.1)
Fringe benefits	**305,159**	307,317	(2,158)	(0.7)
Payroll taxes	**300,479**	297,437	3,042	1.0
Rent and building expenses	**532,295**	536,951	(4,656)	(0.9)
Utilities	**41,665**	43,702	(2,037)	(4.7)
Professional meetings, dues and travel	**93,298**	142,278	(48,980)	(34.4)
Business meals	**80,810**	50,528	30,282	59.9
Equipment rental	**41,502**	44,398	(2,896)	(6.5)
Office supplies and stationery	**67,627**	63,675	3,952	6.2
Office expense	**172,355**	146,054	26,301	18.0
Books and publications	**19,043**	22,737	(3,694)	(16.2)
Postage and courier service	**77,113**	102,034	(24,921)	(24.4)
Computer expense	**57,992**	52,998	4,994	9.4
Outsourcing expense	**89,431**	38,625	50,806	127.0
Legal and professional fees	**385,642**	421,121	(35,479)	(8.4)
Depreciation and amortization	**117,201**	103,446	13,755	13.3
Marketing	**8,574**	10,297	(1,723)	(16.7)
Insurance	**165,600**	165,461	139	0.1
Interest expense	**28,999**	32,119	(3,120)	(9.7)
Pension expense	**2,230**	7,500	(5,270)	(70.3)
Other expenses	**10,800**	200	10,600	5,300.0
Allocated rent & building expense	**20,232**	55,409	(35,177)	(63.5)
Allocated salaries & fringe benefits	**139,104**	122,829	16,275	13
TOTAL EXPENSES	**6,512,152**	6,768,157	(256,005)	(3.8)
% TO GROSS PROFIT	**91.4**	81.8		
PROFESSIONAL INCOME	**613,924**	1,500,826	(886,902)	(59.1)
%TO GROSS PROFIT	**8.6**	18.2		
OTHER INCOME (EXPENSES), NET	**(12,473)**	(57,196)	44,723	(78.2)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME	**$ 601,451**	$ 1,443,630	$ (842,179)	(58.3)
% TO GROSS PROFIT	**8.4**	17.5		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Los Angeles Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 9,650,432**	$ 6,203,535	$ 3,446,897	55.6
DISBURSEMENTS:				
Foreign	**3,802,178**	2,172,616	1,629,562	75.0
Domestic	**952,736**	691,399	261,337	37.8
Total Disbursements	**4,754,914**	2,864,015	1,890,899	66.0
% to Gross Income	**49.3**	46.2		
GROSS PROFIT	**4,895,518**	3,339,520	1,555,998	46.6
% to Gross Income	**50.7**	53.8		
EXPENSES:				
Salaries	**2,870,084**	1,938,610	931,474	48.0
Fringe benefits	**179,787**	118,597	61,190	51.6
Payroll taxes	**215,862**	141,230	74,632	52.8
Rent and building expenses	**580,170**	464,361	115,809	24.9
Utilities	**46,492**	33,980	12,512	36.8
Professional meetings, dues and travel	**55,211**	44,780	10,431	23.3
Business meals	**16,925**	5,842	11,083	189.7
Equipment rental	**32,517**	30,506	2,011	6.6
Copier and microfilm expense, net	**-**	-	-	0.0
Office supplies and stationery	**45,315**	16,833	28,482	169.2
Office expense	**127,545**	74,586	52,959	71.0
Books and publications	**26,563**	31,009	(4,446)	(14.3)
Postage and courier service	**46,643**	38,210	8,433	22.1
Computer expense	**41,198**	27,826	13,372	48.1
Outsourcing expense	**14,905**	9,865	5,040	58.3
Legal and professional fees	**92,561**	58,680	33,881	57.7
Depreciation and amortization	**13,860**	18,369	(4,509)	(24.5)
Marketing	**7,039**	3,667	3,372	92.0
Insurance	**101,400**	107,103	(5,703)	(5.3)
Other taxes	**31,143**	20,224	10,919	54.0
Interest expense	**11,806**	15,908	(4,102)	(25.8)
Other expenses	**-**	50	(50)	(100.0)
Allocated rent & building expense	**23,544**	51,723	(28,179)	(54.5)
Allocated salaries and fringe benefits	**122,031**	144,968	(22,937)	(15.8)
TOTAL EXPENSES	**4,702,601**	3,396,927	1,305,674	38.4
% TO GROSS PROFIT	**96.1**	101.7		
PROFESSIONAL INCOME	**192,917**	(57,407)	250,324	(436.1)
% TO GROSS PROFIT	**3.9**	(1.7)		
OTHER INCOME (EXPENSES), NET	**(8,731)**	(29,464)	20,733	(70.4)
% TO GROSS PROFIT	**(0.2)**	(0.9)		
NET INCOME (LOSS)	**$ 184,186**	$ (86,871)	$ 271,057	(312.0)
% TO GROSS PROFIT	**3.8**	(2.6)		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - London Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 935,735**	$ 731,228	$ 204,507	28.0
DISBURSEMENTS:				
Domestic	**613,740**	427,436	186,304	43.6
% to Gross Income	**65.6**	58.5		
GROSS PROFIT	**321,995**	303,792	18,203	6.0
% to Gross Income	**34.4**	41.5		
EXPENSES:				
Salaries	**212,129**	180,505	31,624	17.5
Rent and building expense	**39,774**	33,844	5,930	17.5
Utilities	**13,258**	11,281	1,977	17.5
Office expense	**22,097**	18,803	3,294	17.5
Books and publications	**2,398**	194	2,204	1136.1
Legal and professional fees	**4,170**	6,336	(2,166)	(34.2)
Other expense	**22,827**	25,603	(2,776)	(10.8)
TOTAL EXPENSES	**316,653**	276,566	40,087	14.5
% TO GROSS PROFIT	**98.3**	91.0		
NET INCOME	**$ 5,342**	$ 27,226	$ (21,884)	(80.4)
% TO GROSS PROFIT	**1.7**	9.0		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Munich Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 793,074**	$ 1,206,237	$ (413,163)	(34.3)
DISBURSEMENTS:				
Domestic	**475,168**	773,657	(298,489)	(38.6)
% to Gross Income	**59.9**	64.1		
GROSS PROFIT	**317,906**	432,580	(114,674)	(26.5)
% to Gross Income	**40.1**	35.9		
EXPENSES:				
Salaries	**218,080**	225,987	(7,907)	(3.5)
Rent and building expenses	**53,312**	52,167	1,145	2.2
Utilities	**6,578**	2,628	3,950	150.3
Equipment rental	**10,294**	9,430	864	9.2
Office supplies and stationery	**2,218**	2,105	113	5.4
Office expense	**14,948**	11,975	2,973	24.8
Computer expense	**4,560**	6,470	(1,910)	(29.5)
Legal and professional fees	**8,153**	11,913	(3,760)	(31.6)
Depreciation and amortization	**618**	591	27	4.6
Insurance	**1,068**	1,017	51	5.0
Other expenses	**611**	733	(122)	(16.6)
TOTAL EXPENSES	**320,440**	325,016	(4,576)	(1.4)
% TO GROSS PROFIT	**100.8**	75.1		
NET INCOME (LOSS)	**$ (2,534)**	$ 107,564	$ (110,098)	(102.4)
% TO GROSS PROFIT	**(0.8)**	24.9		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 501,779**	$ 383,931	$ 117,848	30.7
DISBURSEMENTS:				
Foreign	**46,430**	34,543	11,887	0.0
Domestic	**68,689**	109,661	(40,972)	(37.4)
Total Disbursements	**115,119**	144,204	(29,085)	(20.2)
% to Gross Income	**22.9**	37.6		
GROSS PROFIT	**386,660**	239,727	146,933	61.3
% to Gross Income	**77.1**	62.4		
EXPENSES:				
Salaries	**94,424**	96,926	(2,502)	(2.6)
Fringe benefits	**(4,364)**	(6,294)	1,930	(30.7)
Payroll taxes	**7,247**	7,207	40	0.6
Utilities	**1,090**	975	115	11.8
Travel expense	**252**	779	(527)	(67.7)
Business meals	**523**	386	137	35.5
Office supplies and stationery	**-**	383	(383)	(100.0)
Office expense	**14,832**	12,528	2,304	18.4
Computer expense	**10,034**	10,196	(162)	(1.6)
Depreciation and amortization	**6,077**	6,547	(470)	(7.2)
Insurance	**7,800**	9,782	(1,982)	(20.3)
TOTAL EXPENSES	**137,915**	139,415	(1,500)	(1.1)
% TO GROSS INCOME	**35.7**	58.2		
NET INCOME	**$ 248,745**	$ 100,312	$ 148,433	148.0
% TO GROSS PROFIT	**64.3**	41.8		

Ladas & Parry LLP and Subsidiary
Compensation to Special Partners and Managers
Year Ended December 31, 2011

		Share Per Contract			
		%	Computed Amount	Paid on Account	Balance Due
New York Office					
Bharati Bakshani	S	1.4000	$ 149,084	$ 130,457	$ 18,627
Charles Bernstein **	P	0.8000	119,844	119,844	-
Scott J. Lebson	S	1.4000	139,000	139,000	-
Ralph H. Cathcart	S	0.0035	175,000	175,000	-
New York Office Total		3.6035	582,928	564,301	18,627
Chicago Office					
John E. McKie	S	1.4000	128,393	115,000	13,393
Chicago Office Total		1.4000	128,393	115,000	13,393
Los Angeles Office					
Muriel I. Smith Hess	S	1.4000	146,435	115,040	31,395
Los Angeles Office Total		1.4000	146,435	115,040	31,395
Graham Farrington*	S	1.4000	120,290	120,290	-
ALL OFFICES		7.8035	$ 978,046	$ 914,631	$ 63,415

P=Professional Employee
S=Special Partner
* Regular salary paid by Langner Parry, only the balance due is paid by Ladas & Parry.
** Resigned on October 15, 2011

LADAS & PARRY LLP AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

Ladas & Parry LLP and Subsidiary

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Independent Auditor's Report

To the Partners
Ladas & Parry LLP

We have audited the accompanying consolidated balance sheets of Ladas & Parry LLP (a Limited Liability Partnership) and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in partners' equity, comprehensive income, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements of the London and Munich offices, which statements reflect total assets of $3,894,610 and $3,713,873 as of December 31, 2011 and 2010, respectively and total revenues of $1,728,809 and $1,937,465 for the years then ended, respectively. We were unable to satisfy ourselves about these amounts by means of other auditing procedures.

As discussed in Note 8 to the consolidated financial statements, the Partnership has not complied with the provisions that require the recognition of rent expense on a straight-line basis over the lease term which, in our opinion, should be followed in order to conform to accounting principles generally accepted in the United States of America. The effects of that departure on the consolidated financial statements are disclosed in Note 8 to the consolidated financial statements.

In our opinion, except for the effect of not complying with the provisions that require the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, that might have been determined to be necessary, had we audited the financial statements of the London and Munich offices as discussed in the two preceding paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ladas & Parry LLP and Subsidiary as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 1,930,967	$ 3,248,512
Accounts receivable, net	19,054,501	18,360,938
Prepaid expenses and other current assets	782,130	663,552
Total current assets	21,767,598	22,273,002
Property and equipment, net	2,777,472	1,193,109
Investments - restricted	125,749	151,571
Other assets		
Goodwill	294,500	294,500
Deferred leasing cost, net of accumulated amortization	19,394	-
Total other assets	313,894	294,500
Total assets	$ 24,984,713	$ 23,912,182
Liabilities and Partners' Equity		
Current liabilities		
Current portion of long-term debt	$ 135,012	$ 20,833
Accounts payable and accrued expenses	18,470,344	19,503,750
Total current liabilities	18,605,356	19,524,583
Long-term liabilities		
Long-term debt, net of current portion	246,581	104,167
Other liabilities	132,013	151,363
Total long-term liabilities	378,594	255,530
Deferred lease incentives	1,806,124	569,602
Partners' equity		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss)	(6,264)	208
Total partners' equity	4,194,639	3,562,467
Total liabilities and partners' equity	$ 24,984,713	$ 23,912,182

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Income
Years Ended December 31, 2011 and 2010

	2011		2010	
	Amount	% to Gross Income	Amount	% to Gross Income
Gross income	$ 45,354,386	100.0	$ 47,211,777	100.0
Disbursements	20,839,502	45.9	23,535,017	49.8
Gross profit from services	24,514,884	54.1	23,676,760	50.2
General and administrative expenses	21,431,074	47.3	21,096,311	44.7
Professional income	3,083,810	6.8	2,580,449	5.5
Other income (expenses), net	(41,577)	(0.1)	(173,320)	(0.4)
Net income	$ 3,042,233	6.7	$ 2,407,129	5.1

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Changes in Partners' Equity
Years Ended December 31, 2011 and 2010

	2011	2010
Partners' equity before accumulated other comprehensive income (loss), beginning of year	$ 3,562,259	$ 3,913,244
Capital withdrawals, net	(332,311)	(283,617)
Net income	3,042,233	2,407,129
	6,272,181	6,036,756
Less drawings:		
Prior year's income	161,885	229,253
Current year's income	1,909,393	2,245,244
	2,071,278	2,474,497
Partners' equity, end of year		
Before accumulated other comprehensive income (loss)	4,200,903	3,562,259
Accumulated other comprehensive income (loss):		
Net unrealized holding income (loss) on investments - restricted	(6,264)	208
Total partners' equity, end of year	$ 4,194,639	$ 3,562,467

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2010 and 2009

	2011	2010
Net income	$ 3,042,233	$ 2,407,129
Other comprehensive income (loss):		
Unrealized holding gain (loss) on investments - restricted	(6,472)	7,784
Comprehensive income	$ 3,035,761	$ 2,414,913

See notes to consolidated financial statements.

Ladas & Parry LLP and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Net income	$ 3,042,233	$ 2,407,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	486,872	283,952
Amortization of deferred lease incentives	(163,477)	(81,562)
Increase in partners' capital for interest	66,053	92,399
Loss on abandonment of leasehold improvements	12,072	-
Changes in operating assets and liabilities:		
(Increase) in:		
Accounts receivable, net	(693,563)	(1,206,421)
Prepaid expenses and other current assets	(118,578)	(145,383)
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,033,406)	2,459,577
Other liabilities	(19,350)	3,883
Total adjustments	(1,463,377)	1,406,445
Net cash provided by operating activities	1,578,856	3,813,574
Cash flows from investing activities		
Purchase of property and equipment	(261,029)	(111,069)
Purchase of investments, restricted	(2,118)	(28,660)
Proceeds from sale of investments, restricted	21,458	24,777
Increase in deferred leasing cost	(20,033)	-
Net cash used by investing activities	(261,722)	(114,952)
Cash flows from financing activities		
Proceeds from long-term debt	375,000	125,000
Payments of long-term debt	(540,037)	(375,000)
Partners' drawings from income	(2,071,278)	(2,474,497)
Partners' capital withdrawals, net	(398,364)	(376,016)
Net cash used by financing activities	(2,634,679)	(3,100,513)
Net increase (decrease) in cash and cash equivalents	(1,317,545)	598,109
Cash and cash equivalents - Beginning of year	3,248,512	2,650,403
Cash and cash equivalents - End of year	$ 1,930,967	$ 3,248,512
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 80,055	$ 100,079
Income taxes	$ 45,729	$ 3,875
Supplemental non-cash disclosures of cash flow information:		
Equipment capitalized in exchange for long term debt	$ 421,630	$ -
Leasehold improvements acquired through deferred lease incentives	$ 1,400,000	$ -

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of Ladas & Parry LLP (the "Partnership") and its wholly-owned subsidiary, Ladas Domains, LLC (the "Subsidiary"). All significant intercompany balances and transactions have been eliminated in consolidation.

Organization and Nature of Business
Ladas & Parry LLP was organized and commenced operations in 1912 as a New York general partnership. During 2003, the Partnership was converted from a general partnership to a limited liability partnership. The Partnership is a law firm specializing in the practice of intellectual property law primarily in the creation, protection, enforcement, licensing and acquisition of trademarks and patents throughout the world. The Partnership maintains offices in New York City, Chicago, Los Angeles, London and Munich.

Ladas Domains, LLC was organized in 2005 as a Delaware limited liability company and provides domain name services and assists customers in managing online brands.

Cash and Cash Equivalents
The Partnership considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less measured from their acquisition date to be cash and cash equivalents.

Accounts Receivable
Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts.

Accounts are considered past due once the unpaid balance is 120 days or more outstanding, unless payment terms are extended by contract. When an account balance is past due and attempts have been made to collect the receivable through legal or other means, the amount is considered uncollectible and is written off against the allowance balance.

The Partnership does not charge interest on all client account balances that exceed 120 days old.

Investments - Restricted
The Partnership's investments in marketable securities, held in an Irrevocable Grantor Trust (see Notes 3 and 8), are classified as available-for-sale and carried at fair value. Unrealized holding gains and losses are included as a component of partners' equity until realized. The cost of the securities sold is determined using the specific identification method.

Property and Equipment and Depreciation Methods
Property and equipment are recorded at cost. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is computed principally using accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Deferred Lease Incentives
Lease incentives are recorded as deferred lease incentives and are amortized as a reduction to rent expense over the term of the respective leases.

Note 1 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets
The Partnership evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was recognized for the years ended December 31, 2011 and 2010.

Income Taxes
The Partnership's taxable income is reportable on the tax returns of the individual partners for federal and state income tax purposes. Therefore, the consolidated financial statements reflect only the provision for the New York City Unincorporated Business Tax ("UBT"). The UBT expense was $60,000 and $28,000 for the years ended December 31, 2011 and 2010, respectively, which is included in general and administrative expenses (other taxes).

The Financial Accounting Standards Board has issued guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained upon examination by the applicable tax authority, based on the technical merits of the tax position, and then recognizing the tax benefit that is more-likely-than-not to be realized. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management has determined that this pronouncement does not affect the activity of the Partnership.

The Partnership's policy is to record interest expense and penalties in general and administrative expenses. For the years ended December 31, 2011 and 2010, there was no interest and penalties expenses recorded and no accrued interest and penalties.

The tax years subject to examination by the U.S. taxing authorities are the years ended December 31, 2008 and forward.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition
Revenues are recognized at the time the services are rendered. Services are billed primarily at unit rates, plus hard and soft disbursements. Soft disbursements including copying, postage and courier charges and hard disbursements consisting primarily of foreign agent costs, are included in cost of revenues and the reimbursements of these expenses are included in gross income.

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements
Recent changes in accounting standards refined the definition of fair value, established a framework and hierarchy for measuring fair value and expanded disclosures about fair value measurements.

The Partnership's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable and long-term debt. The fair value of the cash and cash equivalents, accounts receivable, and accounts payable approximates carrying values due to their short term nature. The recorded value of long-term debt approximates fair value, as interest rates approximate market rates.

The standard established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability access.

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Concentrations of Credit Risk
Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of cash and accounts receivable.

Note 1 – Summary of Significant Accounting Policies (continued)

The Partnership maintains cash balances at several banks in the New York, Chicago and Los Angeles metropolitan areas. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation ("FDIC") subject to certain limits. At times, such cash balances (including segregated assets belonging to others) may be in excess of the FDIC insured limits. The Partnership has not experienced any losses in such accounts.

The Partnership also maintains cash in accounts with various financial institutions located in many countries throughout the world. The Partnership has not experienced any losses from credit risk in such accounts.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of clients comprising the Partnership's client base, and their dispersion across many different geographical regions. The Partnership routinely assesses the financial strength of their clients and, as a consequence, believes that their accounts receivable credit risk exposure is limited. Generally, the Partnership does not require collateral or other security to support client receivables. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year.

Foreign Currency Adjustments
The financial position and operating results of the foreign offices are included using the local currencies of the countries in which the Partnership operates as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the year.

Subsequent Events
The Partnership has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 8, 2012, the date the financial statements were available to be issued.

Note 2 – Accounts Receivable

Accounts receivable consist of the following as of December 31, 2011 and 2010:

	2011	2010
Accounts receivable	$ 19,774,501	$ 18,857,938
Less: allowance for doubtful accounts	720,000	497,000
	$ 19,054,501	$ 18,360,938

Note 3 – Investments – Restricted

The following table sets forth by level, within the fair value hierarchy, the Partnership's investments at fair value as of December 31, 2011 and 2010:

	Investments at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 86,817	$ -	$ -	$ 86,817
Cash and money market	-	38,932	-	38,932
Total investments at fair value	$ 86,817	$ 38,932	$ -	$ 125,749

Note 3 – Investments – Restricted (continued)

	Investments at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Equities	$ 93,586	$ -	$ -	$ 93,586
Cash and money market	-	57,985	-	57,985
Total investments at fair value	$ 93,586	$ 57,985	$ -	$ 151,571

Investments consist of the following as of December 31, 2011:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,082	$ 25,597	$ 31,862	$ 86,817
Cash and money market	38,932	-	-	38,932
	$ 132,014	$ 25,597	$ 31,862	$ 125,749

Proceeds from sales of securities classified as available-for-sale were $21,458 for 2011. The net unrealized holding loss increased by $6,473 for the year ended December 31, 2011.

Investments consist of the following as of December 31, 2010:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equities	$ 93,378	$ 14,625	$ 14,417	$ 93,586
Cash and money market	57,985	-	-	57,985
	$ 151,363	$ 14,625	$ 14,417	$ 151,571

Proceeds from sales of securities classified as available-for-sale were $24,777 in 2010. The net unrealized holding loss decreased by $7,784 for the year ended December 31, 2010.

Note 4 – Property and Equipment

Property and equipment consist of the following as of December 31, 2011 and 2010:

	2011	2010
Furniture and fixtures	$ 611,621	$ 752,974
Office equipment	1,362,569	3,707,724
Computer software costs	3,521,406	3,474,832
Leasehold improvements	2,642,774	2,590,920
	8,138,370	10,526,450
Less: accumulated depreciation and amortization	5,360,898	9,333,341
	$ 2,777,472	$ 1,193,109

Depreciation and amortization expense was $486,872 and $283,952 for the years ended December 31, 2011 and 2010, respectively.

Note 5 – Bank Debt

On July 29, 2011, the Partnership entered a credit facility agreement with City National Bank, ("the Bank") with a maximum borrowing capacity of $1,800,000 consisting of a $500,000 line of credit, $800,000 letter of credit and $500,000 leasing line of credit. This credit facility replaced the Partnership's relationship with its prior bank, Wells Fargo Bank.

Terms of the line of credit require the Partnership to make monthly interest payments against the outstanding principal balance at the greater of an annual rate of 3.5% or the bank's prime rate. There were no borrowings on the line of credit as of December 31, 2011. The letter of credit is in lieu of a cash security deposit for the Partnership's New York City office (See Note 8). The leasing line of credit is to be used for equipment purchases and requires thirty-six monthly payments of principle and interest on the portion utilized. The interest rate on the leasing line of credit is the same rate as the line of credit. At December 31, 2011, the Partnership's borrowing under the leasing line of credit is $381,593.

The aggregate maturities of the leasing line of credit as of December 31, 2011 are as follows:

Years Ending December 31,	
2012	$ 135,012
2013	142,536
2014	104,045
	$ 381,593

The new credit facility is collateralized by substantially all of the assets of the Partnership and requires the Partnership to maintain certain covenants as defined. Additionally, the credit facility has been guaranteed by certain partners.

The Partnership was obligated to Wells Fargo Bank under the terms of a $1,000,000 line of credit and a $500,000 term loan. There was no outstanding borrowing on the credit line as of December 31, 2010. Interest was payable monthly on the outstanding balance at the LIBOR rate plus 2% or the bank prime rate, less 0.5%. During 2010, the Partnership borrowed $125,000 on the term loan with the remaining $375,000 borrowed in 2011. The loan was repaid with the proceeds from the Partnership's new credit facility agreement. Interest was payable monthly at the lower of the bank prime rate plus 0.25% or the one month LIBOR market index rate plus 2.75% (3.01% as of December 31, 2010).

Note 6 – Related Party Transactions

The Partnership owns 100% of the outstanding stock of a United Kingdom corporation, Langner Parry Limited ("Langner"). The investment, which is insignificant, is carried at cost. There is no material effect on the consolidated financial statements from not consolidating Langner.

Partnership transactions for the years ended December 31, 2011 and 2010 and balances as of December 31, 2011 and 2010 with Langner are summarized as follows:

	2011	2010
Due from Langner included in accounts receivable	$ 1,587,541	$ 1,382,767
Fees billed to Langner	$ 188,679	$ 343,865
Disbursements billed by Langner	$ 178,896	$ 307,641
Service charges billed by Langner	$ 441,937	$ 375,163

Note 7 – Employee Benefit Plan

Profit Sharing Plan
The Partnership has a profit sharing plan ("the Plan"), in accordance with Section 401(k) of the Internal Revenue Code that covers eligible partners and employees. Contributions to the Plan are made at the discretion of the Partnership. The Partnership contributed $25,331 and $16,375 for the years ended December 31, 2011 and 2010, respectively, which are included in general and administrative expenses (fringe benefits).

Note 8 – Commitments

Lease Obligations
The Partnership leases office space in New York City, Chicago, Los Angeles and Munich under noncancellable operating leases that expire at various dates through 2026. The leases have escalation clauses for operating costs and real estate taxes. Several of the leases contain renewal options which can extend the leases up to ten years. Certain leases provide for escalation of taxes and other operating expenses.

The total future minimum annual lease payments, exclusive of escalations for taxes and other operating expenses are as follows:

Years Ending December 31,	
2012	$ 1,787,000
2013	1,997,000
2014	2,032,000
2015	2,037,000
2016	2,124,000
Thereafter	13,372,000
	$ 23,349,000

The Partnership received lease incentives in which its landlords agreed to pay for tenant improvements as follows:

Chicago (2005)	$ 971,306
Los Angeles (2009)	$ 43,721
New York City (2011)	$ 1,400,000

Activity in the deferred lease incentives balance was as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 569,602	$ 651,164
Additions	1,400,000	-
Amortization	(163,478)	(81,562)
Balance, end of year	$ 1,806,124	$ 569,602

Rent and building expenses was $1,668,253 and $2,458,341 for the years ended December 31, 2011 and 2010, respectively.

Note 8 – Commitments (continued)

The Partnership is required under generally accepted accounting principles to comply with the provisions that require the recognition of rent expense on a straight-line basis over the lease term. The Partnership has chosen instead to account for its rent expense under Internal Revenue Service regulations. If the provisions were followed, net income would be decreased by $430,050 and $102,717 for the years ended December 31, 2011 and 2010, respectively, and other liabilities would be increased for a deferred rent obligation and partners' equity would be decreased by $1,315,438 and $885,388 as of December 31, 2011 and 2010, respectively.

Letter of Credit
The Partnership issued a letter of credit in the amount of $61,509 in lieu of a cash security deposit for its Los Angeles office. The letter of credit is extended to September 30, 2012. The Partnership also issued a letter of credit in the amount of $800,000 in lieu of a cash security deposit for its new office in New York City (see Note 5). The letter of credit expires on August 1, 2012. The letter of credit shall be deemed automatically extended for one year periods from the present or any future expiration date unless the Bank notifies the Partnership.

Retirement Benefits for Partners
The Partnership has agreements with certain retired partners for certain obligations based on varying percentages of income. These agreements provide for suspension of payments under certain circumstances. The expense was $16,000 and $140,396 for the years ended December 31, 2011 and 2010, respectively. In 2010, the Partnership invoked its right to suspend payments for 2011. The Partnership agreement provides for similar obligations to the current partners upon their retirement.

The agreements also provide for an Irrevocable Grantor Trust ("Trust") to which contributions may be made by the Partnership, not to exceed $200,000 per year, subject to the Partnership attaining a minimum amount of income as prescribed in the agreements, to partially fund the obligations to partners who retire on or after January 1, 1996. Contributions to the Trust are made on the basis of a partner's retirement or resignation. There was no expense for the years ended December 31, 2011 and 2010. The obligation is classified as other liabilities. The Trust assets, classified as investments in the accompanying consolidated balance sheets, are restricted to pay the benefits as defined under the Trust. In accordance with the Trust agreement, the Trust's assets are subject to claims of the Partnership's general creditors.

Employment Contracts
Certain "special" partners and managers receive the higher of a base compensation, guaranteed minimum or a calculation based on a percentage of income. Total compensation for these employees was $978,046 and $1,096,043 for the years ended December 31, 2011 and 2010, respectively, and are included in general and administrative expenses (salaries).

Note 9 – Segregated Assets Belonging to Clients

Cash totaling approximately $162,000 and $146,000 as of December 31, 2011 and 2010, respectively, was held by the Partnership for certain clients. These assets and the related liabilities are not included in the consolidated balance sheets.

Supplementary Information

Note 10 – Interest Expense

Interest expense (included in general and administrative expenses) consists of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Interest on partners' capital balances	$ 66,053	$ 92,399
Other	14,002	7,680
	$ 80,055	$ 100,079

Note 11 – Sales to Foreign Clients

Services provided to clients outside of the United States approximated 33% and 30% of gross income for the years ended December 31, 2011 and 2010, respectively.

Independent Auditor's Report on Supplementary Information

To the Partners
Ladas & Parry LLP

We have audited the consolidated financial statements of Ladas & Parry LLP and Subsidiary as of and for the years ended December 31, 2011 and 2010, and our report thereon dated March 8, 2012, which appears on page 1, was qualified as to the effect of not complying with the provision of generally accepted accounting principles that requires the recognition of rent expense on a straight-line basis over the lease term and the effect of the adjustments, if any, had we audited the financial statements of the London and Munich offices. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the consolidated financial statements as described above, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gettry Marcus Stern & Lehrer, CPA, P.C.
Woodbury, New York
March 8, 2012

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Year Ended December 31, 2011

	Total	New York	Chicago	Los Angeles	London	Munich	Ladas Domains
GROSS INCOME:							
Patent Departments	$ 23,758,701	$ 7,151,642	$ 8,230,594	$ 7,583,391	$ -	$ 793,074	$ -
Trademark Departments	18,180,984	11,230,794	4,319,528	1,193,148	935,735	-	501,779
Patent Taxes and Annuities	2,005,353	911,059	348,838	745,456	-	-	-
Litigation Department	1,409,348	544,617	736,294	128,437	-	-	-
TOTAL GROSS INCOME	45,354,386	19,838,112	13,635,254	9,650,432	935,735	793,074	501,779
DISBURSEMENTS:							
Foreign	14,006,475	5,799,292	4,358,575	3,802,178	-	-	46,430
Domestic	6,833,027	2,572,091	2,150,603	952,736	613,740	475,168	68,689
Total Disbursements	20,839,502	8,371,383	6,509,178	4,754,914	613,740	475,168	115,119
% to Total Gross Income	45.9	42.2	47.7	49.3	65.6	59.9	22.9
GROSS PROFIT	24,514,884	11,466,729	7,126,076	4,895,518	321,995	317,906	386,660
% to Total Gross Income	54.1	57.8	52.3	50.7	34.4	40.1	77.1
EXPENSES:							
Salaries	12,411,006	5,261,288	3,755,001	2,870,084	212,129	218,080	94,424
Fringe benefits	952,180	471,598	305,159	179,787	-	-	(4,364)
Payroll taxes	958,221	434,633	300,479	215,862	-	-	7,247
Rent and building expenses	1,668,253	462,702	532,295	580,170	39,774	53,312	-
Utilities	331,781	222,698	41,665	46,492	13,258	6,578	1,090
Professional meetings, dues and travel	303,073	154,312	93,298	55,211	-	-	252
Business meals	183,492	85,234	80,810	16,925	-	-	523
Equipment rental	192,506	108,193	41,502	32,517	-	10,294	-
Copier and microfilm expense, net	193	193	-	-	-	-	-
Office supplies and stationery	186,024	70,864	67,627	45,315	-	2,218	-
Office expenses	711,254	359,477	172,355	127,545	22,097	14,948	14,832
Books and publications	147,567	99,563	19,043	26,563	2,398	-	-
Postage and courier service	240,255	116,499	77,113	46,643	-	-	-
Computer expense	211,481	97,697	57,992	41,198	-	4,560	10,034
Outsourcing expense	745,258	640,922	89,431	14,905			
Legal and professional fees	757,291	266,765	385,642	92,561	4,170	8,153	-
Depreciation and amortization	486,872	349,116	117,201	13,860	-	618	6,077
Marketing	73,543	57,930	8,574	7,039	-	-	-
Insurance	580,027	304,159	165,600	101,400	-	1,068	7,800
Other taxes	124,269	93,126	-	31,143	-	-	-
Interest expense	80,055	39,250	28,999	11,806	-	-	-
Pension expense	24,125	21,895	2,230	-	-	-	-
Other expenses	46,348	12,110	10,800	-	22,827	611	-
Allocated rent and building expense	-	(43,776)	20,232	23,544	-	-	-
Allocated salaries and fringe benefits	-	(261,135)	139,104	122,031	-	-	-
TOTAL EXPENSES	21,415,074	9,425,313	6,512,152	4,702,601	316,653	320,440	137,915
% TO TOTAL GROSS PROFIT	87.4	82.2	91.4	96.1	98.3	100.8	35.7
PROFESSIONAL INCOME	3,099,810	2,041,416	613,924	192,917	5,342	(2,534)	248,745
% TO TOTAL GROSS PROFIT	12.6	17.8	8.6	3.9	1.7	(0.8)	64.3
OTHER INCOME (EXPENSE), NET	(41,577)	(20,373)	(12,473)	(8,731)	-	-	-
%TO TOTAL GROSS PROFIT	(0.2)	(0.2)	(0.2)	(0.2)	-	-	-
NET INCOME (LOSS) BEFORE RETIRED PARTNERS EXPENSE	$ 3,058,233	$ 2,021,043	$ 601,451	$ 184,186	$ 5,342	$ (2,534)	$ 248,745
% TO TOTAL GROSS PROFIT	12.5	17.6	8.4	3.8	1.7	(0.8)	64.3
RETIRED PARTNERS EXPENSE	(16,000)						
NET INCOME AFTER RETIRED PARTNERS EXPENSE	$ 3,042,233						

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statement of Changes in Partners' Equity
Year Ended December 31, 2011

Partner	2011 Profit % (A)	Capital January 1, 2011	Drawings from 2010 Income	Total Distributable Income for the Year 2011	Drawings from 2011 Income	Interest on Partners' Capital	2011 Capital Contributions (Withdrawals)	Capital December 31, 2011		
								Undistributed Income	Capital Contributions	Total Capital
Allan S. Pilson	10.0000	$ 535,094	$ (1,394)	$ 321,473	$ 195,867	$ 17,019	$ (68,203)	$ 108,587	$ 466,891	$ 575,478
Richard J. Streit**	0.0000	86,992	-	-	-	-	(32,083)	-	54,909	54,909
Peter D. Galloway *****	0.0000	254,535	(60,758)	2,143	-	2,143	(109,194)	-	145,341	145,341
John Richards	10.0000	541,571	6,993	315,924	198,374	13,777	(22,296)	103,773	519,275	623,048
Daniel F. Zendel	10.0000	458,626	10,799	315,113	202,029	10,659	(35,230)	102,425	423,396	525,821
Lanning G. Bryer	10.0000	303,126	20,311	310,946	172,927	6,492	(7,665)	131,527	295,461	426,988
Frederick W. Meyers	10.0000	260,308	62,094	308,505	167,475	4,051	4,051	136,979	264,359	401,338
Janet I. Cord	10.0000	251,669	13,320	308,992	184,019	4,538	4,538	120,435	256,207	376,642
Mavis Gallenson	10.0000	281,088	67,262	310,118	205,219	5,664	(34,336)	99,235	246,752	345,987
Clifford Mass	10.0000	154,665	25,571	305,471	178,801	1,017	(6,032)	125,653	148,633	274,286
Dennis Prahl	10.0000	143,554	33,354	305,147	177,616	693	(10,193)	126,838	133,361	260,199
Burton Ehrlich	10.0000	86,405	(4,507)	304,454	227,066	-	(4,508)	77,388	81,897	159,285
Brian Hameder* and ***	0.0000	29,668	-	-	-	-	-	-	29,668	29,668
William Park* and ****	0.0000	13,073	(11,160)	-	-	-	(11,160)	-	1,913	1,913
Totals	100.00	$ 3,400,374	$ 161,885	$ 3,108,286	$ 1,909,393	$ 66,053	$ (332,311)	$ 1,132,840	$ 3,068,063	$ 4,200,903

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(A) The profit percentage has been applied to net income adjusted for the following items:
- (1) Salaries earned by J. Richards.
- (2) The first distributive share based on capital contributions.

* Admitted to the Partnership on January 1, 2009
** Became of counsel on January 1, 2009
*** Voluntarily withdrew on December 28, 2010
**** Voluntarily withdrew on May 15, 2010
***** Retired on April 14, 2010

Ladas & Parry LLP and Subsidiary
Schedule of Distributable Income
Year Ended December 31, 2011

Net Partnership Income	$ 3,042,233
Add: Interest on Partners' Capital	66,053
Total Distributable Book Income	3,108,286
Add: Salaries	
JR (£1,440.00 @1.60)	2,307
Total Distributable Income	$ 3,110,593

Partner	2011 Profit %	Total Distributable 2011	First Distributive Share	Balance Distributable	Foreign Earnings	Total Distributable Book Income	Reconciliation Book to Tax Income (A)	Taxable Income
Allan S. Pilson	10.0000	$ 321,473	$ 17,019	$ 304,454	$ -	$ 321,473	$ (47,602)	$ 273,871
Richard J. Streit	0.0000	-	-	-	-	-	-	-
Peter D. Galloway	0.0000	2,143	2,143	-	-	2,143	-	2,143
John Richards	10.0000	318,231	13,777	304,454	(2,307)	315,924	(47,602)	268,322
Daniel F. Zendel	10.0000	315,113	10,659	304,454	-	315,113	(47,602)	267,511
Lanning G. Bryer	10.0000	310,946	6,492	304,454	-	310,946	(47,602)	263,344
Frederick W. Meyers	10.0000	308,505	4,051	304,454	-	308,505	(47,602)	260,903
Janet I. Cord	10.0000	308,992	4,538	304,454	-	308,992	(47,602)	261,390
Mavis Gallenson	10.0000	310,118	5,664	304,454	-	310,118	(47,602)	262,516
Clifford Mass	10.0000	305,471	1,017	304,454	-	305,471	(47,602)	257,869
Dennis Prahl	10.0000	305,147	693	304,454	-	305,147	(47,602)	257,545
Burton Ehrlich	10.0000	304,454	-	304,454	-	304,454	(47,602)	256,852
Brian Hameder	0.0000	-	-	-	-	-	-	-
William Park	0.0000	-	-	-	-	-	-	-
Totals	100.00	$ 3,110,593	$ 66,053	$ 3,044,540	$ (2,307)	$ 3,108,286	$ (476,023)	$ 2,632,266

(A) Reconciliation of book to tax income is due to tax adjustments, including business meal partial disallowance and other nondeductible expenses, depreciation and amortization book to tax differences.

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Schedule of Voluntary and
Required Capital Contributions
Year Ended December 31, 2011

	Voluntary Capital Contributions			Required Capital Contributions			
Partner	Balance January 1, 2011	Net Additions (Withdrawals)	Balance December 31, 2011	Balance January 1, 2011	Net Withdrawals	Balance December 31, 2011	Total Capital Contributions December 31, 2011
Allan S. Pilson	$ 301,075	$ (68,203)	$ 232,872	$ 234,019	$ -	$ 234,019	$ 466,891
Richard J. Streit	-	-	-	86,992	(32,083)	54,909	54,909
Peter D. Galloway	113,774	(109,194)	4,580	140,761	-	140,761	145,341
John Richards	270,726	(22,296)	248,430	270,845	-	270,845	519,275
Daniel F. Zendel	188,202	(35,230)	152,972	270,424	-	270,424	423,396
Lanning G. Bryer	106,131	(7,665)	98,466	196,995	-	196,995	295,461
Frederick W. Myers	62,904	4,051	66,955	197,404	-	197,404	264,359
Janet I. Cord	70,566	4,538	75,104	181,103	-	181,103	256,207
Mavis Gallenson	99,422	(34,336)	65,086	181,666	-	181,666	246,752
Clifford Mass	20,479	(6,032)	14,447	134,186	-	134,186	148,633
Dennis Prahl	18,033	(10,193)	7,840	125,521	-	125,521	133,361
Burton Ehrlich	(16,324)	(4,508)	(20,832)	102,729	-	102,729	81,897
Brian Hameder	-	-	-	29,668	-	29,668	29,668
William Park	-	-	-	13,073	(11,160)	1,913	1,913
Total	$ 1,234,988	$ (289,068)	$ 945,920	$ 2,165,386	$ (43,243)	$ 2,122,143	$ 3,068,063

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - All Offices and Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 45,354,386**	$ 47,211,777	$ (1,857,391)	(3.9)
DISBURSEMENTS:				
Foreign	**14,006,475**	16,454,351	(2,447,876)	(14.9)
Domestic	**6,833,027**	7,080,666	(247,639)	(3.5)
Total Disbursements	**20,839,502**	23,535,017	(2,695,515)	(11.5)
% to Gross Income	**45.9**	49.8		
GROSS PROFIT	**24,514,884**	23,676,760	838,124	3.5
% to Gross Income	**54.1**	50.2		
EXPENSES:				
Salaries	**12,411,006**	12,220,896	190,110	1.6
Fringe benefits	**952,180**	955,662	(3,482)	(0.4)
Payroll taxes	**958,221**	910,429	47,792	5.2
Rent and building expenses	**1,668,253**	2,458,341	(790,088)	(32.1)
Utilities	**331,781**	415,251	(83,470)	(20.1)
Professional meetings, dues and travel	**303,073**	371,373	(68,300)	(18.4)
Business meals	**183,492**	120,709	62,783	52.0
Equipment rental	**192,506**	223,138	(30,632)	(13.7)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**186,024**	147,238	38,786	26.3
Office expense	**711,254**	486,401	224,853	46.2
Books and publications	**147,567**	150,230	(2,663)	(1.8)
Postage and courier service	**240,255**	269,780	(29,525)	(10.9)
Computer expense	**211,481**	162,957	48,524	29.8
Outsourcing expense	**745,258**	304,208	441,050	145.0
Legal and professional fees	**757,291**	636,574	120,717	19.0
Marketing	**73,543**	47,961	25,582	53.3
Depreciation and amortization	**486,872**	283,582	203,290	71.7
Insurance	**580,027**	529,680	50,347	9.5
Other taxes	**124,269**	93,367	30,902	33.1
Interest expense	**80,055**	100,079	(20,024)	(20.0)
Pension expense	**24,125**	29,400	(5,275)	(17.9)
Other expenses	**46,348**	37,786	8,562	22.7
TOTAL EXPENSES	**21,415,074**	20,955,915	459,159	2.2
% TO GROSS PROFIT	**87.4**	88.5		
PROFESSIONAL INCOME	**3,099,810**	2,720,845	378,965	13.9
% TO GROSS PROFIT	**12.6**	11.5		
OTHER INCOME (EXPENSES), NET	**(41,577)**	(173,320)	131,743	(76.0)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME BEFORE RETIRED PARTNERS EXPENSE	**3,058,233**	2,547,525	510,708	20.0
% TO GROSS PROFIT	**12.5**	10.8		
RETIRED PARTNERS EXPENSE	**(16,000)**	(140,396)	(124,396)	
NET INCOME AFTER RETIRED PARTNERS EXPENSE	**$ 3,042,233**	$ 2,407,129	$ 635,104	

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - New York Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 19,838,112**	19,843,872	$ (5,760)	0.0
DISBURSEMENTS:				
Foreign	**5,799,292**	6,124,715	(325,423)	(5.3)
Domestic	**2,572,091**	2,626,999	(54,908)	(2.1)
Total Disbursements	**8,371,383**	8,751,714	(380,331)	(4.3)
% to Gross Income	**42.2**	44.1		
GROSS PROFIT	**11,466,729**	11,092,158	374,571	3.4
% to Gross Income	**57.8**	55.9		
EXPENSES:				
Salaries	**5,261,288**	5,777,827	(516,539)	(8.9)
Fringe benefits	**471,598**	536,042	(64,444)	(12.0)
Payroll taxes	**434,633**	464,555	(29,922)	(6.4)
Rent and building expenses	**462,702**	1,371,018	(908,316)	(66.3)
Utilities	**222,698**	322,685	(99,987)	(31.0)
Professional meetings, dues and travel	**154,312**	183,536	(29,224)	(15.9)
Business meals	**85,234**	63,953	21,281	33.3
Equipment rental	**108,193**	138,804	(30,611)	(22.1)
Copier and microfilm expense, net	**193**	873	(680)	(77.9)
Office supplies and stationery	**70,864**	64,242	6,622	10.3
Office expense	**359,477**	222,455	137,022	61.6
Books and publications	**99,563**	96,290	3,273	3.4
Postage and courier service	**116,499**	129,536	(13,037)	(10.1)
Computer expense	**97,697**	65,467	32,230	49.2
Outsourcing expense	**640,922**	255,718	385,204	151.0
Legal and professional fees	**266,765**	138,524	128,241	92.6
Depreciation and amortization	**349,116**	154,629	194,487	125.8
Marketing	**57,930**	33,997	23,933	70.4
Insurance	**304,159**	246,317	57,842	23.5
Other taxes	**93,126**	73,143	19,983	27.3
Interest expense	**39,250**	52,052	(12,802)	(24.6)
Pension expense	**21,895**	21,900	(5)	0.0
Other expenses	**12,110**	11,200	910	8.1
Allocated rent and building expense	**(43,776)**	(107,132)	63,356	(59.1)
Allocated salaries and fringe benefits	**(261,135)**	(267,797)	6,662	(2)
TOTAL EXPENSES	**9,425,313**	10,049,834	(624,521)	(6.2)
% TO GROSS PROFIT	**82.2**	90.6		
PROFESSIONAL INCOME	**2,041,416**	1,042,324	999,092	95.9
% TO GROSS PROFIT	**17.8**	9.4		
OTHER INCOME (EXPENSES), NET	**(20,373)**	(86,660)	66,287	(76.5)
%TO GROSS PROFIT	**(0.2)**	(0.8)		
NET INCOME	**$ 2,021,043**	$ 955,664	$ 1,065,379	111.5
% TO GROSS PROFIT	**17.6**	8.6		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Chicago Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 13,635,254**	18,842,974	$ (5,207,720)	(27.6)
DISBURSEMENTS:				
Foreign	**4,358,575**	8,122,477	(3,763,902)	(46.3)
Domestic	**2,150,603**	2,451,514	(300,911)	(12.3)
Total Disbursements	**6,509,178**	10,573,991	(4,064,813)	(38.4)
% to Gross Income	**47.7**	56.1		
GROSS PROFIT	**7,126,076**	8,268,983	(1,142,907)	(13.8)
% to Gross Income	**52.3**	43.9		
EXPENSES:				
Salaries	**3,755,001**	4,001,041	(246,040)	(6.1)
Fringe benefits	**305,159**	307,317	(2,158)	(0.7)
Payroll taxes	**300,479**	297,437	3,042	1.0
Rent and building expenses	**532,295**	536,951	(4,656)	(0.9)
Utilities	**41,665**	43,702	(2,037)	(4.7)
Professional meetings, dues and travel	**93,298**	142,278	(48,980)	(34.4)
Business meals	**80,810**	50,528	30,282	59.9
Equipment rental	**41,502**	44,398	(2,896)	(6.5)
Office supplies and stationery	**67,627**	63,675	3,952	6.2
Office expense	**172,355**	146,054	26,301	18.0
Books and publications	**19,043**	22,737	(3,694)	(16.2)
Postage and courier service	**77,113**	102,034	(24,921)	(24.4)
Computer expense	**57,992**	52,998	4,994	9.4
Outsourcing expense	**89,431**	38,625	50,806	127.0
Legal and professional fees	**385,642**	421,121	(35,479)	(8.4)
Depreciation and amortization	**117,201**	103,446	13,755	13.3
Marketing	**8,574**	10,297	(1,723)	(16.7)
Insurance	**165,600**	165,461	139	0.1
Interest expense	**28,999**	32,119	(3,120)	(9.7)
Pension expense	**2,230**	7,500	(5,270)	(70.3)
Other expenses	**10,800**	200	10,600	5,300.0
Allocated rent & building expense	**20,232**	55,409	(35,177)	(63.5)
Allocated salaries & fringe benefits	**139,104**	122,829	16,275	13
TOTAL EXPENSES	**6,512,152**	6,768,157	(256,005)	(3.8)
% TO GROSS PROFIT	**91.4**	81.8		
PROFESSIONAL INCOME	**613,924**	1,500,826	(886,902)	(59.1)
%TO GROSS PROFIT	**8.6**	18.2		
OTHER INCOME (EXPENSES), NET	**(12,473)**	(57,196)	44,723	(78.2)
% TO GROSS PROFIT	**(0.2)**	(0.7)		
NET INCOME	**$ 601,451**	$ 1,443,630	$ (842,179)	(58.3)
% TO GROSS PROFIT	**8.4**	17.5		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Los Angeles Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 9,650,432**	$ 6,203,535	$ 3,446,897	55.6
DISBURSEMENTS:				
Foreign	**3,802,178**	2,172,616	1,629,562	75.0
Domestic	**952,736**	691,399	261,337	37.8
Total Disbursements	**4,754,914**	2,864,015	1,890,899	66.0
% to Gross Income	**49.3**	46.2		
GROSS PROFIT	**4,895,518**	3,339,520	1,555,998	46.6
% to Gross Income	**50.7**	53.8		
EXPENSES:				
Salaries	**2,870,084**	1,938,610	931,474	48.0
Fringe benefits	**179,787**	118,597	61,190	51.6
Payroll taxes	**215,862**	141,230	74,632	52.8
Rent and building expenses	**580,170**	464,361	115,809	24.9
Utilities	**46,492**	33,980	12,512	36.8
Professional meetings, dues and travel	**55,211**	44,780	10,431	23.3
Business meals	**16,925**	5,842	11,083	189.7
Equipment rental	**32,517**	30,506	2,011	6.6
Copier and microfilm expense, net	**-**	-	-	0.0
Office supplies and stationery	**45,315**	16,833	28,482	169.2
Office expense	**127,545**	74,586	52,959	71.0
Books and publications	**26,563**	31,009	(4,446)	(14.3)
Postage and courier service	**46,643**	38,210	8,433	22.1
Computer expense	**41,198**	27,826	13,372	48.1
Outsourcing expense	**14,905**	9,865	5,040	58.3
Legal and professional fees	**92,561**	58,680	33,881	57.7
Depreciation and amortization	**13,860**	18,369	(4,509)	(24.5)
Marketing	**7,039**	3,667	3,372	92.0
Insurance	**101,400**	107,103	(5,703)	(5.3)
Other taxes	**31,143**	20,224	10,919	54.0
Interest expense	**11,806**	15,908	(4,102)	(25.8)
Other expenses	**-**	50	(50)	(100.0)
Allocated rent & building expense	**23,544**	51,723	(28,179)	(54.5)
Allocated salaries and fringe benefits	**122,031**	144,968	(22,937)	(15.8)
TOTAL EXPENSES	**4,702,601**	3,396,927	1,305,674	38.4
% TO GROSS PROFIT	**96.1**	101.7		
PROFESSIONAL INCOME	**192,917**	(57,407)	250,324	(436.1)
% TO GROSS PROFIT	**3.9**	(1.7)		
OTHER INCOME (EXPENSES), NET	**(8,731)**	(29,464)	20,733	(70.4)
% TO GROSS PROFIT	**(0.2)**	(0.9)		
NET INCOME (LOSS)	**$ 184,186**	$ (86,871)	$ 271,057	(312.0)
% TO GROSS PROFIT	**3.8**	(2.6)		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - London Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 935,735**	$ 731,228	$ 204,507	28.0
DISBURSEMENTS:				
Domestic	**613,740**	427,436	186,304	43.6
% to Gross Income	**65.6**	58.5		
GROSS PROFIT	**321,995**	303,792	18,203	6.0
% to Gross Income	**34.4**	41.5		
EXPENSES:				
Salaries	**212,129**	180,505	31,624	17.5
Rent and building expense	**39,774**	33,844	5,930	17.5
Utilities	**13,258**	11,281	1,977	17.5
Office expense	**22,097**	18,803	3,294	17.5
Books and publications	**2,398**	194	2,204	1136.1
Legal and professional fees	**4,170**	6,336	(2,166)	(34.2)
Other expense	**22,827**	25,603	(2,776)	(10.8)
TOTAL EXPENSES	**316,653**	276,566	40,087	14.5
% TO GROSS PROFIT	**98.3**	91.0		
NET INCOME	**$ 5,342**	$ 27,226	$ (21,884)	(80.4)
% TO GROSS PROFIT	**1.7**	9.0		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Munich Office
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 793,074**	$ 1,206,237	$ (413,163)	(34.3)
DISBURSEMENTS:				
Domestic	**475,168**	773,657	(298,489)	(38.6)
% to Gross Income	**59.9**	64.1		
GROSS PROFIT	**317,906**	432,580	(114,674)	(26.5)
% to Gross Income	**40.1**	35.9		
EXPENSES:				
Salaries	**218,080**	225,987	(7,907)	(3.5)
Rent and building expenses	**53,312**	52,167	1,145	2.2
Utilities	**6,578**	2,628	3,950	150.3
Equipment rental	**10,294**	9,430	864	9.2
Office supplies and stationery	**2,218**	2,105	113	5.4
Office expense	**14,948**	11,975	2,973	24.8
Computer expense	**4,560**	6,470	(1,910)	(29.5)
Legal and professional fees	**8,153**	11,913	(3,760)	(31.6)
Depreciation and amortization	**618**	591	27	4.6
Insurance	**1,068**	1,017	51	5.0
Other expenses	**611**	733	(122)	(16.6)
TOTAL EXPENSES	**320,440**	325,016	(4,576)	(1.4)
% TO GROSS PROFIT	**100.8**	75.1		
NET INCOME (LOSS)	**$ (2,534)**	$ 107,564	$ (110,098)	(102.4)
% TO GROSS PROFIT	**(0.8)**	24.9		

See independent auditor's report on supplementary information.

Ladas & Parry LLP and Subsidiary
Statements of Income - Ladas Domains, LLC
Years Ended December 31, 2011 and 2010

	2011	2010	Increase (Decrease)	% Change
GROSS INCOME	**$ 501,779**	$ 383,931	$ 117,848	30.7
DISBURSEMENTS:				
Foreign	**46,430**	34,543	11,887	0.0
Domestic	**68,689**	109,661	(40,972)	(37.4)
Total Disbursements	**115,119**	144,204	(29,085)	(20.2)
% to Gross Income	**22.9**	37.6		
GROSS PROFIT	**386,660**	239,727	146,933	61.3
% to Gross Income	**77.1**	62.4		
EXPENSES:				
Salaries	**94,424**	96,926	(2,502)	(2.6)
Fringe benefits	**(4,364)**	(6,294)	1,930	(30.7)
Payroll taxes	**7,247**	7,207	40	0.6
Utilities	**1,090**	975	115	11.8
Travel expense	**252**	779	(527)	(67.7)
Business meals	**523**	386	137	35.5
Office supplies and stationery	**-**	383	(383)	(100.0)
Office expense	**14,832**	12,528	2,304	18.4
Computer expense	**10,034**	10,196	(162)	(1.6)
Depreciation and amortization	**6,077**	6,547	(470)	(7.2)
Insurance	**7,800**	9,782	(1,982)	(20.3)
TOTAL EXPENSES	**137,915**	139,415	(1,500)	(1.1)
% TO GROSS INCOME	**35.7**	58.2		
NET INCOME	**$ 248,745**	$ 100,312	$ 148,433	148.0
% TO GROSS PROFIT	**64.3**	41.8		

Ladas & Parry LLP and Subsidiary
Compensation to Special Partners and Managers
Year Ended December 31, 2011

		Share Per Contract			
		%	Computed Amount	Paid on Account	Balance Due
New York Office					
Bharati Bakshani	S	1.4000	$ 149,084	$ 130,457	$ 18,627
Charles Bernstein **	P	0.8000	119,844	119,844	-
Scott J. Lebson	S	1.4000	139,000	139,000	-
Ralph H. Cathcart	S	0.0035	175,000	175,000	-
New York Office Total		3.6035	582,928	564,301	18,627
Chicago Office					
John E. McKie	S	1.4000	128,393	115,000	13,393
Chicago Office Total		1.4000	128,393	115,000	13,393
Los Angeles Office					
Muriel I. Smith Hess	S	1.4000	146,435	115,040	31,395
Los Angeles Office Total		1.4000	146,435	115,040	31,395
Graham Farrington*	S	1.4000	120,290	120,290	-
ALL OFFICES		7.8035	$ 978,046	$ 914,631	$ 63,415

P=Professional Employee
S=Special Partner
* Regular salary paid by Langner Parry, only the balance due is paid by Ladas & Parry.
** Resigned on October 15, 2011