

Exhibit R – Hypothetical Liquidation Analysis

This Hypothetical Liquidation Analysis should be read in conjunction with the accompanying Notes and is based on the Debtor's January 30, 2012 Unaudited Balance Sheet Data.

| <i>Debtor's Assets:</i> | Estimated Value as of Effective Date | Estimated Liquidation Value |
|---------------------------------------|---|--|
| Gross Proceeds from Sale ¹ | | |
| Cash To Be Paid At Closing | \$ 9,161,893 | \$ 9,161,893 |
| Cash Already Paid | \$ 2,931,325 | \$ 2,931,325 |
| Stock ^{1 & 2} | \$ 3,457,575 | \$ - |
| Total Assets: | \$ 15,550,793 | \$ 12,093,218 |

| Distribution Summary | Claim Class | Estimated Allowable Claims | Estimated Recovery Under the Ch. 11 Plan | | Estimated Chapter 7 Recovery | |
|---|--------------------|---------------------------------------|---|----------|-------------------------------------|----------------|
| | | | \$ | % | \$ | % |
| Chapter 11 Post-Petition Claims: | | | | | | |
| Tax (AMT) on Asset Sale ³ | N/A | \$ 235,000 | \$ 235,000 | 100.00% | \$ 235,000 | 100.00% |
| Administrative Costs & Statutory Fees | N/A | \$ 125,000 | \$ 125,000 | 100.00% | \$ 125,000 | 100.00% |
| Chapter 7 Trustee Fees ⁴ | N/A | \$ 100,000 | \$ - | 0.00% | \$ 100,000 | 100.00% |
| Total Chapter 11 Claims: | | \$ 460,000 | \$ 360,000 | | \$ 460,000 | 100.00% |
| Unscheduled Claims: | | | | | | |
| Priority Tax Claims | N/A | \$ 1,621,227 | \$ 1,621,227 | 100.00% | \$ 1,621,227 | 100.00% |
| Total Unscheduled Claims: | | \$ 1,621,227 | \$ 1,621,227 | | \$ 1,621,227 | 100.00% |
| Secured Claims: | | | | | | |
| Liquidated | 1 | \$ 3,597,330 | \$ 3,597,330 | 100.00% | \$ 3,597,330 | 100.00% |
| Participatory ⁵ | 2 | \$ 2,087,000 | \$ 458,360 | 21.95% | \$ 2,087,000 | 100.00% |
| Total Secured Claims: | | \$ 5,684,330 | \$ 4,055,690 | | \$ 5,684,330 | |
| Unsecured Claims:⁶ | | | | | | |
| Liquidated | 4 | \$ 1,340,338 | \$ 1,340,338 | 100.00% | \$ 1,068,125.03 | 79.69% |
| Furloughed Former Employees | 5 | \$ 411,856 | \$ 411,856 | 100.00% | \$ 328,210.97 | 79.69% |
| Participatory ⁷ | 6 | \$ 1,683,962 | \$ 437,829 | 25.97% | \$ - | 0.00% |

| | | | | | | |
|--------------------------------|----|---------------|---------------|---------|---------------|---------|
| Assumptions ⁷ | 7 | \$ 866,142 | \$ 866,142 | 100.00% | \$ - | 0.00% |
| Purchaser | 8 | \$ 2,931,325 | \$ 2,931,325 | 100.00% | \$ 2,931,325 | 100.00% |
| Compromised ⁷ | 9 | \$ 5,849,895 | \$ 877,634 | 15.00% | \$ - | 0.00% |
| Total Unsecured Claims: | | \$ 13,083,518 | \$ 6,865,124 | | \$ 4,327,661 | |
| Equity Interests: | | | | | | |
| Series A-2 Preferred Stock | 10 | \$ 5,178,075 | \$ 1,346,297 | 25.97% | \$ - | 0.00% |
| Series A-1 Preferred Stock | 11 | \$ 167,633 | \$ 108,961 | 64.91% | \$ - | 0.00% |
| Series Z Preferred Stock | 12 | \$ 500,000 | \$ 130,000 | 25.97% | \$ - | 0.00% |
| Common Stock | 13 | \$ 312,130 | \$ 957,333 | 306.71% | \$ - | 0.00% |
| Common Stock Options | 14 | \$ 106,161 | \$ 106,161 | 100.00% | \$ - | 0.00% |
| Common Stock Purchase Warrants | 15 | \$ - | \$ - | 0.00% | \$ - | 0.00% |
| Total Equity Interests: | | \$ 6,263,999 | \$ 2,648,752 | | \$ - | |
| Totals | | \$ 27,113,074 | \$ 15,550,793 | | \$ 12,093,218 | |

Notes:

A. Introduction and Reservations

In connection with the Plan and Disclosure Statement, the following hypothetical liquidation analysis (the “**Liquidation Analysis**”) has been prepared by Debtor’s management with the assistance of their legal counsel. This Liquidation Analysis should be read in conjunction with the Plan and the Disclosure Statement.

The Debtor, with the assistance of its legal counsel, have prepared this Liquidation Analysis for the purpose of evaluating whether the Plan meets the so-called best interests test under section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis has been prepared assuming the Debtors current chapter 11 cases convert to chapter 7 proceedings under the Bankruptcy Code on September 30, 2012 (the “**Liquidation Date**”) and their assets are liquidated in a traditional liquidation with the loss of going concern forced sale value attributable to these assets. A chapter 7 trustee (the “**Trustee**”) would be appointed or elected to commence the liquidation of all of the Debtors’ assets. To maximize recovery, the liquidation is assumed to occur over a three to six month period (the “**Wind Down Period**”). The Liquidation Analysis is based on unaudited book values as of January 30, 2012, and these values, in total, are assumed to be representative of the Debtor’s assets and liabilities as of the Liquidation Date. However, the Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation, or other avoidance actions.

Estimating recoveries in any hypothetical chapter 7 liquidation case is an uncertain process due to the number of unknown variables and is necessarily speculative. Thus extensive use of estimates and assumptions has been made that, although considered reasonable by Debtor’s management and their legal counsel, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtor. **THE DEBTOR MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND**

ASSUMPTIONS OR A TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THE CHAPTER 11 CASE IS CONVERTED TO CHAPTER 7, ACTUAL RESULTS MAY VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THE LIQUIDATION ANALYSIS.

The Liquidation Analysis indicates the values, which may be obtained upon disposition of assets, pursuant to a hypothetical chapter 7 liquidation, as an alternative to the Assets Sale, and Liquidation of the business as proposed under the Plan. Accordingly, values discussed herein are different than amounts referred to in the Plan, which illustrates the value of the Debtor's business and Asset Sale as a going concern, not as a forced sale.

In preparing the Liquidation Analysis, the amount of Allowed Claims has been projected based upon a review of scheduled Claims and all Proofs of Claims associated with pre-petition and post-petition obligations. Additional Claims were estimated to include certain post-petition obligations on account of which Claims have not been asserted, but which would be asserted in a hypothetical chapter 7 liquidation. These potential Claims include, without limitation, Claims for trade payables incurred during the chapter 11 case. In the event litigation were necessary to resolve Claims asserted in a chapter 7 liquidation, the delay could be prolonged and Claims could further increase. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered. No Order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the estimated amounts set forth in the Liquidation Analysis. **THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH IN THE LIQUIDATION ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASE COULD MATERIALLY AND SIGNIFICANTLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE LIQUIDATION ANALYSIS.**

NOTHING CONTAINED IN THIS HYPOTHETICAL LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF DEBTORS.

EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THIS LIQUIDATION ANALYSIS WAS PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT THESE ANALYSES IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTOR AND REORGANIZED DEBTOR DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE LIQUIDATION ANALYSIS (OR ANY OTHER PART OF THE DISCLOSURE STATEMENT) TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THIS LIQUIDATION ANALYSIS IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE LIQUIDATION ANALYSIS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE LIQUIDATION ANALYSIS.

THIS LIQUIDATION ANALYSIS WAS DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTOR OR ANY OF THEIR AFFILIATES.

B. Significant Assumptions and Notes

1. Debtor's Assets

- Cash to Be Paid at Closing - Reflects in the Chapter 11 scenario that the full Closing Payment is received pursuant to the Purchase Agreement. The Chapter 7 Liquidation scenario assumes Belhara still provides the same level of Cash consideration, but the Stock Consideration is either receded or becomes worthless due to the forced sale nature of a Chapter 7 liquidation.
- Cash to Be Paid at Closing – Reflects the estimate of the remaining cash to be paid at the Closing of the Asset Sale pursuant to the Purchase Agreement.
- Cash Already Paid – Reflects the Cash already paid under the Letter of Intent dated December 29, 2011 and the associated Purchase Agreement.
- Stock – Equals the estimated value of the Common Stock issued pursuant to the Purchase Agreement using the same per share price that Belhara is investing the Purchaser, ($\$.33 * 10,477,500 = \$3,457,575$), without regard to any potential discounts for lack of marketability and minority interest. It is assumed that in a straight liquidation this stock will not be received or will not be able to be liquidated for equivalent value in a forced sale scenario of a Chapter 7 Liquidation.

2. Chapter 11 Claims

- AMT Tax Liability on Asset Sale – It is estimated that Asset Sale under both presented scenarios will generate this level of AMT Tax Liability.
- Administrative Expenses – Professional fees represent estimates for the professional fees during a Chapter 7 liquidation.
- Chapter 7 Trustee Fees – Trustee fees are assumed to be __% of the gross proceeds from the liquidation of the assets.

3. Secured Claims

- Participatory Secured Claims – It is assumed in a Chapter 7 Liquidation this Class of Claims will not have stock available to satisfy their claims and as such will receive Cash instead to satisfy their claims.

4. Unsecured Claims and Equity Interests

- Unsecured Claims Held By Those Other Than Shareholders – In a Chapter 7 liquidation it is assumed that these claims will be prioritized for payments above remainder unsecured claims which are held by shareholders, officers and directors of the Debtor. This Class of claims will consume the remaining proceeds available under a Chapter 7 Liquidation leaving no recovery for all other Unsecured Creditors and the

Equity Interest holders of the Debtor.

- Unsecured Claims Held By Shareholders – . Will not recover anything under a Chapter 7 Liquidation scenario.
- Equity Interests – Will not recover anything under a Chapter 7 Liquidation scenario.