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Research Report - Update

Investors should consider this report as only a single factor in making their investment decision.

Command Security Corp

Rating: Speculative Buy

Juan Noble

MOC $2.95 — (AMEX)

July 9, 2008

	FY2006A	FY2007A	FY2008A	*FY2009E*
Total revenues (in millions)	$85.2	$93.8	$119.4	***$130.4***
Earnings (loss) per share	($0.01)	$0.12	$0.22	***$0.17****

52 - Week range	$4.40 – $2.50	Fiscal year ends:	March
Shares outstanding as of June 19, 2008	10.8 million	Revenue/share (ttm)	$10.49
Approximate float	4.6 million	Price/Sales (ttm)	0.28
Market Capitalization	$31.7 million	Price/Sales (FY2009)E	0.17
Tangible Book value/share	$0.87	Price/Earnings (ttm)	13.6X
Price/Book	3.4X	Price/Earnings (FY2009)E	17.3X

** Taxed at projected 34% rate.*

Command Security Corporation (AMEX: MOC), headquartered in Lagrangeville, New York, provides uniformed security officers, aviation and support security services to a wide range of commercial, financial, industrial, aviation and governmental clients. Uniformed security services provided to airports and ancillary services and organizations account for two-thirds of the company's revenue. The rest consists mainly of armed and unarmed uniformed security personnel for access control, mobile patrols, traffic control, security console/system operators, fire safety directors, communication, reception, concierge and front desk/doorman operations.

Key Investment Considerations:

We are maintaining an investment rating of Speculative Buy on Command Security Corporation (AMEX: MOC) and a 12-month price target of $4.75 based on expectations for continuing revenue gains and a higher FY2009 price to sales multiple. The stock is, in our view, suitable mainly for risk-tolerant investors.

Growth of the $20+ billion US market for security guard services should be sustainable at around 7% to 9% a year, a rate that the company has surpassed easily through FY08 due partly to acquisitions.

Acquisitions in the security services division have reduced dependence on aviation-related customers. But two-thirds of revenue is still generated by services to airport-based businesses, posing the risk that airline industry margin squeezes stemming from higher fuel prices could constrain the company's growth.

In FY08 (earnings were released June 19, 2008) earnings increased to $0.22 per share from $0.12 on a 27% rise in revenue and a significantly improved operating margin. We anticipate strong FY2009 operating income growth but reduced net income due to a provision for income taxes (vs. a tax benefit FY2008). Our FY09 estimates are unchanged.

Borrowings decreased slightly in 4Q08 after rising sharply through the first nine months of FY08. Cash throw-off for the year was up slightly to $1.9 million and working capital requirements for the year diminished significantly as increased in current liabilities offset large increases in receivables and prepayments.

**** Please view our disclaimer located on page 11.***

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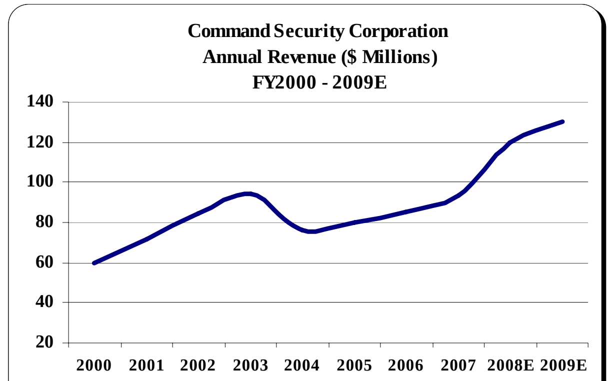
Overview

Command Security Corporation, headquartered in Lagrangeville, New York, was established in 1980. The company provides uniformed security officers, aviation and support security services to commercial, financial, industrial, aviation and governmental clients in the United States from more than 30 company-owned operating offices in California, Connecticut, Delaware, Florida, Illinois, Maine, Maryland, Massachusetts, Nevada, New Jersey, New York, Oregon, Pennsylvania, Texas and Washington.

The company's services consist of security services, aviation services and support services that are provided to a wide range of commercial and industrial clients. Uniformed security services provided to airports and ancillary services and organizations account for about two-thirds of the company's revenue.



Source: Company reports and Taglich Brothers estimates

The rest consists mainly of revenue from armed and unarmed uniformed security personnel for access control, mobile patrols, traffic control, security console/system operators, fire safety directors, communication, reception, concierge and front desk/doorman operations. A very small portion of revenue is generated through back office support services to three police departments.

Revenue growth stalled in 2003, a consequence of Federal agencies' assumption of the responsibility for pre-boarding screening at airports in the aftermath of the September, 2001 terrorist attacks. Gains since FY2004, supported in part by acquisitions, have lifted revenue to FY2003 levels. But during the past few years, the effects of federalization have been exacerbated by difficulties in the airline industry. Bankruptcy filings by several airlines resulted in write offs of $1.1 million in receivables, some of which were recovered.

From FY2004 to FY2006, the company operated at a loss stemming in large measure from narrower gross margins and interest charges on borrowings used to finance working capital. Those losses were exacerbated by dividends on preferred shares that were converted to common shares in FY2005. In FY2007, the company surpassed its FY2003 revenue peak. In FY2008, Command surpassed FY2002's net income of $2.4 million. FY2007 was a turnaround period, building momentum that doubled net income in FY2008. Sales gains have accelerated due to acquisitions and internal growth, and operating margins have improved. With modest revenue gains (driven in part by acquisitions), better leverage of G&A expenses, and stringent receivables management that limits receivables financing, we believe that the company could achieve significantly higher pre-tax earnings in FY2009. By our estimates, earnings for FY2009 will be fully taxed.

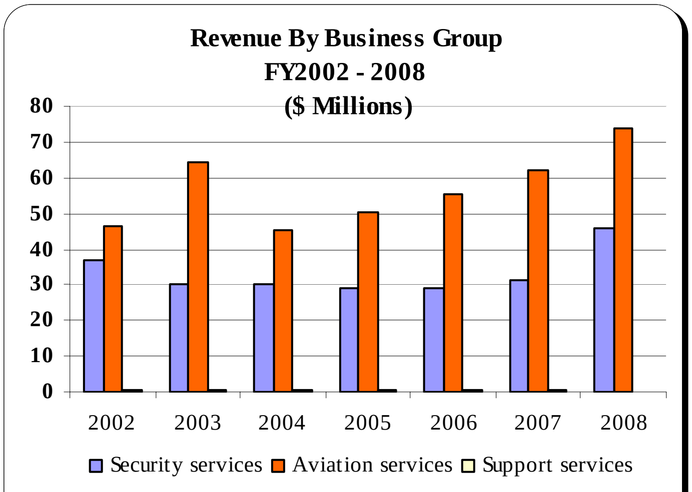
Operations

The company maintains a work force of around 4,500 security personnel backed by 240 managers, support employees and administrative staff. A computerized scheduling and information system automatically matches security officers to customer's requirements, significantly reducing management time consumed in scheduling daily security officer hours.

Services are provided under contracts that specify personnel and/or equipment to be provided at designated locations and applicable (typically hourly per person) rates, which can vary depending on base, overtime and holiday time worked, and the term of the contract. The company assumes responsibility for scheduling and uninterrupted service, and for the training, supervision, equipping, compensation and insurance of security officers. These contracts can be terminated by either the company or the customer, generally with no less than 30 days notice. The company may also terminate an agreement immediately upon customer default on payables to the company, or if the customer is involved in insolvency proceedings.

Security Services The company provides security officers that are deployed at buildings, malls, government, healthcare and educational facilities, and industrial, commercial retail and residential sites. Security officers are used mainly for personal or property protection, in many cases around-the-clock, 365 days a year. These security officers may, depending on customer needs, be uniformed or plain-clothed, armed or unarmed, mobile (in marked radio cars) or at stationary posts such as fire stations, reception areas or video monitors.

Aside from traditional responsibilities such as access control, theft prevention, personnel security checks, traffic and parking control and protection against fire, theft, sabotage and safety hazards, security officers also respond to emergency situations and report fires, natural disasters, work accidents and medical crises to the appropriate authorities. The company occasionally provides specialized vehicle patrol and inspection services and personal protection services to key executives and high profile personalities. Security services accounted for 38% of revenue in FY2008.



Source: Company reports

While revenue for this business was largely flat from FY2003 through FY2006, the acquisitions of Sterling Protective Group (Florida) in June, 2006, Brown Protective Services (California) in April, 2007, and Expert Security Services (Maryland), should improve revenue comparisons in FY2008 and FY2009.

Aviation Services Through its Aviation Safeguards business, the company offers a variety of uniformed services for more than 100 domestic and international air carriers. These services include aircraft security, access control, wheelchair escorts, skycaps, baggage handlers and uniformed security officers for cargo security areas. This division operates through airport offices at 13 domestic airports including JFK International Airport and LaGuardia Airport in New York, and Los Angeles International Airport and San Jose International Airport in California. Aviation and related industries accounted for 62% of revenue in FY2008. Aviation Services' largest customer is Delta Airlines, which accounted for 25% of this segment's revenue and 15% of total revenue.

Support Services The support services program for small and mid-sized security, investigative and law enforcement agencies includes financing of all receivables, access to a fully integrated operational computer system, continuous access to accounts receivable and collection information, processing of all client remittance checks, quarterly and annual payroll reports, and consultation on acquisitions. Support services provided to three police departments accounted for 0.1% of revenue, or $200,000 in FY2008.

Strategy

The company's strategy aims to improve internal growth through new accounts, increased business from existing customers and the discontinuance of unprofitable contracts. Since FY2005, revenue gains have been achieved in both the aviation and security services business. New business is pursued through an organized marketing effort overseen by a Vice President for Sales and Marketing hired in October, 2006.

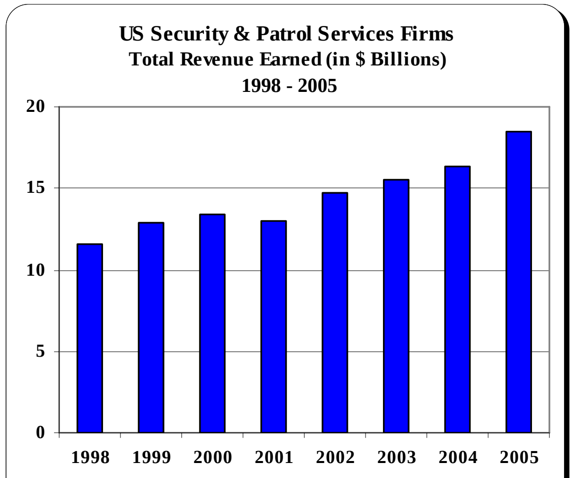
Occasionally, acquisitions are a factor underlying growth. In June, 2006, Command acquired a security guard service in southern Florida, raising the company's run rate by an estimated $2.8 million. In April, 2007, the company acquired another security services firm in California, an addition which raised annual revenue by around $11 million. The January, 2008, the acquisition of Maryland-based Expert Security Services will raise annual revenue by an estimated $2 million.

The Industry

The security industry, estimated by research firm Thomson Gale to exceed $100 billion worldwide, includes a spectrum of services ranging from guard, armored car and investigative services, to video surveillance and biometric identification. Much of the growth in security services has been technology-based. Of the 38 publicly traded companies classified by Capital IQ as Security and Protective Services, only three (including Command) concentrate on guard services.

US demand for security services has increased steadily, spurred in part by spectacular incidents such as the Oklahoma City bombing in 1999 and September, 2001 terror attacks in New York and Washington D.C. These incidents prompted many organizations to outsource their security needs, driving an increase in the number of guard service providers. Airport security in particular received much more attention in the wake of the 9-11 attacks.

US Census Bureau data show that revenue earned by security guard/patrol service firms has increased steadily, rising from $11.5 billion in 1998 to $18.5 billion in 2005 (latest available). These figures reflect average annual growth of 7% from 1998 to 2005, a rate that accelerated to 9% between 2001 and 2005. If that growth rate was sustained, the US market for these services would currently be around $22 billion. The US guard services market has consolidated steadily since 1990, when the five largest security companies accounted for a third of the market.



Source: US Census Bureau

The five largest firms in the industry now have a combined US market share estimated at 51%. The five largest firms operating in the US are Securitas AB (Sweden), the Wackenhut Corporation, AlliedBarton Security Security Services, Guardsmark, LLC and Akal Security. Securitas AB, now the largest security services in the US, has been one of the most active consolidators in the industry; it acquired some of the largest companies in the industry, including Wells Fargo Guard Services, Wells Fargo Armored Car Services, Pinkertons and Brinks International.

Despite industry consolidation, the number of firms in this sector has increased steadily. Census Bureau figures show that the number of US firms providing investigative, guard and armored car services grew from 15,400 in 1998 to 21,800 in 2004. Since 2005, the Census Bureau has since refined its data to separately report armored car services, security guard/patrol services and investigation services. Refined pre-2004 breakdowns are not available but according to Census Bureau figures, US companies providing investigation/guard/patrol services numbered 13,000 in 2004, unchanged from the year before.

Other sources offer added perspective on this market. A 2002 report by information services firm Thomson Gale estimated the worldwide 1997 market for detective, guard and armored car services at $14.5 billion and estimated its growth at 9% annually. In its 2006 annual report, Securitas AB places the worldwide market for security services at $124 billion, a figure which is projected to be growing at eight percent a year; around 75% of that market is concentrated in Europe and North America. Securitas AB estimated the guard services market for North America at $19 billion (most of that in the US), of which it claimed a 16% share. Securitas' guard services revenue in US for 2006 totaled $2.9 billion.

Growth of the worldwide guard services segment of the market is projected at seven percent annually, with growth rates differing sharply in Europe, the US and Japan (4% to 6%), and Asia (excluding Japan) and Latin America (11% to 12%). Thomson Gale estimated that demand for guard services grew around 8% annually during the 1990s, reaching an estimated $12 billion by 2001, a figure in line with that reported by the Census Bureau.

Competition

Securitas' reported North American guard services revenue for 2007 of $3.5 billion, representing what the company estimates was 16% of a market that was growing at an estimated 4% to 6% a year. By Securitas' estimates, it is the largest guard services provider in the US, trailed by Wackenhut Corp. (11% share) and five other closely held firms. These seven firms account for an estimated 51% of the US market. Using the $22 billion current market estimate extrapolated from US Census data, we would estimate that roughly 18,000 firms under that top tier account for $10.8 billion in revenue, an average of $600,000 annual revenue per firm.

By comparison, Command's $122 million run rate makes it one of the larger firms in this sector. Although the company's revenue is much less than Securitas AB's 2007 North American guard services revenue of $3.5 billion, Command's revenue dwarfs that of the average firm in this sector. We see only one other small-capitalization company in the same sector, Tri-S Security Corporation, which reported $89 million in revenue for 2007, practically doubling in size since 2005 as a result of a 4Q05 acquisition. Some recent indications as to the relative size and profitability of the three publicly traded guard services companies operating in the US are as follows:

	Command Security		Securitas AB		Tri-S Security	
	FY2008[1]	**FY2007**	2007	2006	2007	2006
Revenue ($ milllions)	**119**	**94**	10,457	10,061	89	76
Gross margin	**13.6%**	**14.6%**	18.7%	19.0%	6.1%	10.0%
Operating margin	**2.5%**	**1.5%**	3.1%	2.4%	(7.7%)	(6.8%)
Net margin	**2.1%**	**1.3%**	0.8%	1.4%	(4.8%)	(5.1%)

(1) Ended March 31

Source: Companies' reports

For the quarter ending March 31, 2008, Tri-S's revenue increased 31% to $26.5 million, but the company incurred a net loss of $1.8 million, vs. a loss of $981,000 for the year-earlier quarter.

The fragmentary nature of the guard services industry, according to Thomson Gale, tends to limit the majority of firms, most of which are small, to competing only in local markets. Pricing tends to be an important competitive factor but the company tends to base its competitiveness more on quality of service, the strengths of its supervisors, training of personnel and the development of personal relationships.

FY2008 Results

Operations FY2008, Command earned a net profit of $2.5 million, or $0.22 per share, on revenue of $119.4 million, vs. earnings of $0.12 per share, on revenue of $93.8 million for FY2007. We had projected FY2008 earnings of $0.16 per share, on revenue of $117.3 million. The variance from our estimates stemmed from $0.5 million in bad debt recoveries and an income tax benefit of $160,000; we had modeled no bad recoveries and a FY2008 income tax provision of $423,000.

FY08 revenue was up 27%, a gain driven by $11.4 million in revenue contributed by the acquired Brown Security Services (April, 2007) and Expert Security (January, 2008) businesses, $9.2 million in added revenue from new and existing airport accounts at major airports in New York City and California, $2.5 million in revenue from a new contract with a New York medical center and expanded services contracted by a commercial bank, $1.1 million from expanded services rendered at the San Jose (CA) and LaGuardia (NY) airports, $1.3 million in new (2007) contracts covering airports in Oakland (CA) and Seattle (WA), and expanded security services to new customers in New England. Gains were offset in part by the loss of $2 million in revenue at seven airports due to a 2007 change in government regulations requiring the Transportation Administration to assume document verification services formerly performed by the company. FY08 revenue gains were also offset in part by the loss of $840,000 in revenue due to the expiration of a service contract with a national insurance company.

The company's gross margin for FY08 narrowed to 13.6% from 14.6% due to higher labor ratio margins stemming from an inability to pass on higher wage costs to customers and higher overhead costs at JFK International Airport that were attributed to manpower shortages. The operating margin for FY08 widened to 2.5% from 1.2%, reflecting leverage of G&A expenses that offset a narrowing in the gross margin.

G&A expenses for FY08 increased 9% to $13.4 million due mainly to higher administrative payroll costs relating to expanded operations and acquisitions, the expansion of the company's sales and marketing group, additional facilities costs and higher expenses incurred to settle employment claims and fulfill compliance requirements. These increases were offset in part by a $1.6 million reduction in professional fees relating to a consulting agreement that expired in December, 2006.

Profit growth for FY08 was based in part on a large bad debt recovery for the year, which increased to $512,000 from $53,000 due mainly to the recovery of $412,000 (in the form of stock) in claims relating to the bankruptcy filing of Northwest Airlines.

Finances In FY08, cash diminished by $73,000 to $147,000. Cash throw-off for the year totaled $1.9 million, up from $1.8 million the prior year. Despite substantial increases in receivables and prepayments stemming from higher revenue, the year's investment in working capital was $279,000 lower than the $5.98 million required in FY07 due to equally large increases in payables and accruals balances. Acquisitions costing $2.3 million offset the funds generated from operations but the company was able to meet all of its cash needs for FY08 with only minimal use of borrowings.

Credit Facility A financing agreement with CIT Group/Business Credit, amended twice (latest April, 2007) since 2003, provides for a $16 million line of credit, and the letter of credit sub-line was raised to $3 million, providing the company with a $2.4 million advance to cover the cash portion of the purchase consideration for Brown Security. The April, 2007 amendment extended the maturity date of the agreement to December, 2008. Under this amendment, the interest rate on prime loans is the prime rate less 0.25%; LIBOR loan rates are the LIBOR rate +2%.

As of March 31, 2008, the company had borrowed $2.8 million in revolving loans, $6.0 million in LIBOR loans and a $70,000 letter of credit. These borrowings represented 72% of the maximum borrowing capacity under the facility. As of March 31, 2008, the interest rates for revolving and LIBOR loans were, respectively, 5.00% and 5.10%.

Outlook & Projections

For FY2009, we project a net profit of $2.1 million, or $0.17 per share, on revenue of $130.4 million. We had previously projected FY09 earnings of $0.17 per share, on revenue of $128.1 million. Our revenue forecast for FY09 includes no new acquisitions and reflects more difficult prior-year comparisons as the anniversaries of the Brown Security and Expert Security Services acquisitions pass. Based on a 9% revenue gain (we have projected no acquistions in FY09), a 700 basis point recovery in the gross margin to 14.3%, and a slightly diminished G&A margin, we project, despite $900,000 rise in pre-tax profit to $3.2 million, a $0.05 drop in earnings per share to $0.17.

The projected decline in earnings per share stems from our forecast for fully taxed (at 34%) earnings, which contrasts with an income tax benefit of $160,000 for FY08. As profits are expected, the company is likely to recognize a portion of its deferred tax assets totaling around $2.6 million. By our projections, recognition of deferred tax assets through FY2009 will approximate 8% of pretax income, roughly the same rate of state income taxes.

Financial Position and Cash Flow FY2009 cash throw-off is estimated at $3.4 million. Roughly a third of that will have to be applied to increases in working capital, leaving sufficient cash to cover its requirements and reduce borrowings during the period. Capital expenditures, at an estimated $200,000, should be nominal. By our projection, Command will finish FY2009 with cash of $609,000, up from $147,000 at the end of FY2008.

Risks

In our view, these are the principal risks underlying the stock:

Customer/Industry Concentration Around two-thirds of the company's revenue is contributed by its Aviation Safeguards business, which provides services to the aviation industry. In FY08, Delta Airlines accounted for 15% of the company's revenue, roughly the same proportion seen in FY07. The airline industry has experienced significant difficulty since 2001 and its hardships have been exacerbated by high fuel prices which show no sign of abating. The company has weathered the effect of bankruptcies by some large customers and no further insolvencies appear imminent. However, aviation industry difficulties could persist, imposing some limitations on the company's growth. If completed, the proposed merger of Delta Airlines and Northwest Airlines, both of which are the company's customers, could result in some facilities consolidation that could reduce revenue. The facilities that management believes are most likely to be consolidated in the merger are not served by Command.

Competition The guard services industry is highly fragmented and very competitive at regional and local levels. Command Security is a relatively larger mid-tier firm, substantially larger than the average guard services firm. However, the company is much smaller than the top-tier firms that account for 51% of its market. The large firms have significant name recognition and can bring greater resources to bear on marketing efforts, potentially underpricing the company in certain markets.

Concentration of Stock Ownership The July, 2007 proxy statement (latest filed) showed that approximately 23% of the company's common shares were owned by Trinad Capital LLP. Peter Kikis and Thomas Kikis owned, respectively, another 15% and 8% of the company's common stock. The concentration of ownership among these shareholders could give them disproportionate influence over management actions, potentially leading to decisions that may not be in the best interest of the stockholders at large. Conversely, however, this concentration of ownership could underlie a management discipline that positively influences the company's actions.

Receivables Controls The company's average receivables collection period lengthened steadily through 3QFY08 but diminished by the end of FY08. Receivables represent a significant tie-up of operating funds that has required a steep rise in borrowings (and interest expenses) since FY2006. Our earnings forecasts are based in part on management's achievement of a significant shortening in the company's average collection period that would limit the need for additional borrowings. If the company's collection period is not significantly reduced, interest expenses incurred on borrowings used to support increased working capital could significantly exceed our projections. If earnings fall significantly below our estimates, our outlook on the stock could change.

Acquisition Integration In the past year, the company made two acquisitions, revenue from which represents a fairly significant part of the revenue growth we project through FY2008. While we believe that the acquired companies' run rates can be sustained or increased, integration difficulties could potentially impede efforts to improve margins.

Microcap Concerns Shares of MOC have risks common to the stocks of other microcap (which we define as market capitalizations of $250 million or less) companies. These risks often underlie stock price discounts from the valuations of larger-capitalization stocks. Liquidity risk, typically caused by small trading floats and very low trading volume, can lead to large spreads and high volatility in stock price. The company has approximately 4.6 million shares in the float. On average, approximately 20,800 shares are traded daily.

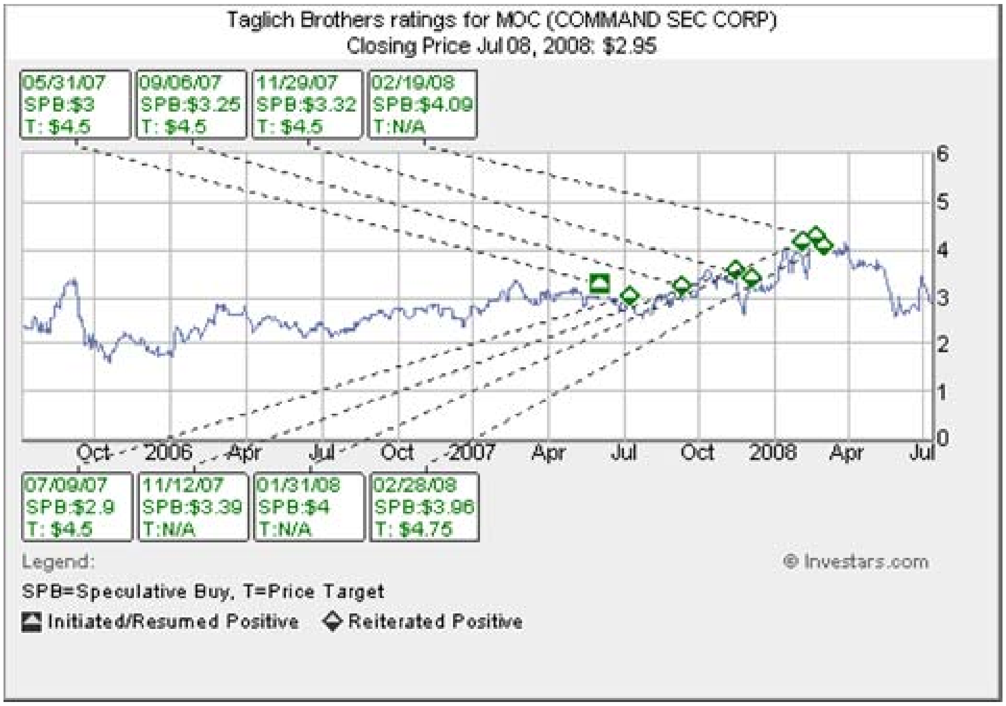
Miscellaneous Risks The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Investment Recommendation

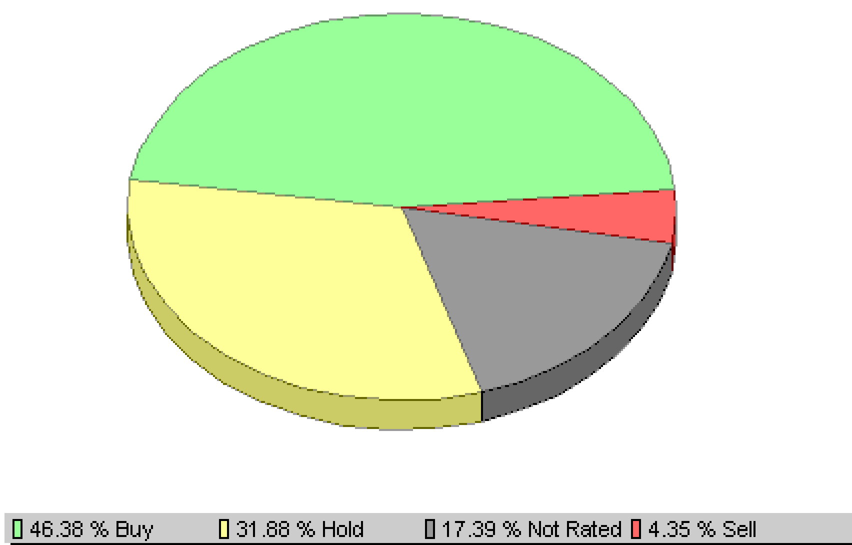
We are maintaining an investment opinion of Speculative Buy on Command Security Corporation (MOC: AMEX) and a 12-month price target of $4.75 a share. The stock is currently trading at 0.28X estimated sales per share for FY2009 (vs. 0.28X sales for the past four quarters).

We believe than within the next 12 months, the stock will be trading at 0.45 times estimated FY2009 sales per share, an expectation that, in our view, is reasonable in light of prospects for steady growth. The company's quarterly revenue gains have accelerated since early FY2006 and, due in part to acquisitions, should continue to do so through the end of FY2009. Aside from revenue gains, we project margin gains that will enhance pre-tax profitability in FY2009.

Comparatives There are few direct comparatives available; we know of only two other publicly traded (in the US) guard services companies operating in the US, which we profile on page 5. Capital IQ shows 28 stocks in the Security and Protective Services industry with market capitalizations of less than $250 million. Of those, all except Command Security and Tri-S Security are technology-based companies offering equipment or services that don not include guard services. As a group, these stocks trade at 4.4X (trailing) sales, vs. 0.28X for Command and 0.1X for Tri-S Security. There is insufficient P-E data to make any comparisons with the Security and Protective Services industry.



Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	0	0
Hold	0	0
Sell	0	0
Not Rated	0	0

Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

Public Companies mentioned in this report:

Air Canada	(Toronto: AC-A.TO)	Northwest Airlines	(Nasdaq: NWACQ.PK)
Delta Airlines	(NYSE: DAL)	Securitas AB	(Nasdaq: SCTBF.PK)
Group 4 Securicor	(LSE: GFS)	The Brink's Company	(NYSE: BCO)
Hawaiian Holdings	(Amex: HA)	TRI-S Security	(Nasdaq: TRIS)
ISS Group	(Australia: ISS)		

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All research issued by Taglich Brothers, Inc. is based on public information. In April, 2007 the company paid a monetary engagement fee of $21,000 (USD) for the first year of creation and dissemination of research reports and since June, 2007 has paid a monthly monetary fee of $1,750 (USD) to Taglich Brothers, Inc. for these services after the first year.

I, Juan Noble, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Command Security Corporation
Annual Income Statements
FY2005 - 2009E
($ Thousands, Except Per Share Amounts)

Year ending March 31:	2005A	2006A	2007A	2008A	2009E
Revenues	79,655	85,209	93,823	119,404	130,393
Cost of revenues	69,132	73,788	80,157	103,162	111,812
Gross margin	10,523	11,420	13,665	16,242	18,581
Operating expenses					
G&A	10,591	10,254	12,316	13,425	14,343
Prov for doubtful accts	277	1,162	268	360	287
Bad debt recoveries	(56)	(4)	(53)	(512)	0
Total	10,812	11,412	12,531	13,273	14,630
Operating income	(289)	8	1,135	2,969	3,951
Other income (expenses)					
Interest income	97	239	226	75	19
Interest expense	(460)	(432)	(568)	(784)	(741)
Gain on sale of securities				50	
Gain (loss) on equip sales	(5)	19	(3)	3	0
Pretax income	(658)	(166)	790	2,314	3,229
Income tax (provision) benefit	267	66	450	160	(1,098)
Net income (loss)	(390)	(100)	1,240	2,474	2,131
Avg. shares out.(mil) - diluted	7,863	9,647	10,621	11,384	12,500
Earnings (loss) per share - dilute	(0.05)	(0.01)	0.12	0.22	0.17
Margin analysis					
Gross margin	13.2%	13.4%	14.6%	13.6%	14.3%
G&A	13.3%	12.0%	13.1%	11.2%	11.0%
Provision for doubtful accts	0.3%	1.4%	0.3%	0.3%	0.2%
Operating income	(0.4%)	0.0%	1.2%	2.5%	3.0%
Pretax income	(0.8%)	(0.2%)	0.8%	1.9%	2.5%
Net income (loss)	(0.5%)	(0.1%)	1.3%	2.1%	1.6%
Tax rate	(40.7%)	(39.9%)	57.0%	6.9%	(34.0%)

Source: Company reports and Taglich Brothers estimates

Command Security Corporation
Quarterly Income Statements
FY2008 – FY2009
($ Thousands, Except Per Share Amounts)

Year ending March 31:	Jun-07A	Sep-07A	Dec-07A	Mar-08A	**2008A**	Jun-08E	Sep-08E	Dec-08E	Mar-09E	**2009E**
Revenues	28,084	30,614	30,225	30,481	**119,404**	30,690	33,410	32,992	33,300	**130,393**
Cost of Revenues	24,506	26,225	26,074	26,357	**103,162**	26,317	28,649	28,291	28,555	**111,812**
Gross Margin	3,578	4,389	4,152	4,124	**16,242**	4,373	4,761	4,701	4,745	**18,581**
Operating expenses										
G&A	3,090	3,475	3,363	3,498	**13,425**	3,376	3,675	3,629	3,663	**14,343**
Prov for doubtful accts	(294)	75	66	512	**360**	68	74	73	73	**287**
Bad debt recoveries				(512)	**(512)**					
Total	2,796	3,550	3,429	3,499	**13,273**	3,443	3,749	3,702	3,736	**14,630**
Operating income	781	840	723	625	**2,969**	930	1,012	1,000	1,009	**3,951**
Other income (expenses)										
Interest income	30	18	13	14	**75**	2	4	6	6	**19**
Interest expense	(228)	(202)	(196)	(157)	**(784)**	(199)	(188)	(182)	(172)	**(741)**
Gain on sale of securities	50			0	**50**					
Gain (loss) on equip sales	0	0	0	2	**3**					
Pretax income	634	656	540	483	**2,314**	733	829	824	843	**3,229**
Income tax (provision) benefit	(175)	(100)		435	**160**	(249)	(282)	(280)	(287)	**(1,098)**
Net income (loss)	459	556	540	918	**2,474**	484	547	544	557	**2,131**
Avg. shares out. - diluted	11,264	11,274	11,379	12,000	**11,384**	12,200	12,400	12,600	12,800	**12,500**
Earnings per share (diluted)	0.04	0.05	0.05	0.08	**0.22**	0.04	0.04	0.04	0.04	**0.17**
EPS fully taxed (@ 34%)										
Margin analysis										
Gross margin	12.7%	14.3%	13.7%	13.5%	**13.6%**	14.3%	14.3%	14.3%	14.3%	**14.3%**
G&A	11.0%	11.4%	11.1%	11.5%	**11.2%**	11.0%	11.0%	11.0%	11.0%	**11.0%**
Provision for doubtful accts	(1.0%)	0.2%	0.2%	1.7%	**0.3%**	0.2%	0.2%	0.2%	0.2%	**0.2%**
Operating income	2.8%	2.7%	2.4%	2.1%	**2.5%**	3.0%	3.0%	3.0%	3.0%	**3.0%**
Pretax income	2.3%	2.1%	1.8%	1.6%	**1.9%**	2.4%	2.5%	2.5%	2.5%	**2.5%**
Net income	1.6%	1.8%	1.8%	3.0%	**2.1%**	1.6%	1.6%	1.6%	1.7%	**1.6%**
Tax rate	27.6%	15.2%	0.0%	(90.0%)	(6.9%)	34.0%	34.0%	34.0%	34.0%	34.0%

Source: Company reports and Taglich Brothers estimates

Command Security Corporation
Balance Sheets
FY2006 - 2009E
($ Thousands)

Year ending March 31:	2006A	2007A	2008A	2009E
ASSETS				
Current assets:				
Cash + equivalents	32	220	147	609
Accts rec (net)	13,804	17,979	20,098	21,732
Prepaid expenses	721	557	2,681	2,608
Other	2,291	3,429	1,910	2,282
Total current assets	16,849	22,184	24,836	27,230
Fixed assets	405	529	560	781
Intangibles	79	783	4,049	4,664
Restricted cash	74	78	303	75
Other	705	1,755	3,039	2,608
TOTAL ASSETS	18,113	25,330	32,786	35,358
LIABILITIES/ STOCKHOLDERS' EQUITY				
Current liabilities				
Checks in advance of deposits	1,829	1,760	1,962	2,086
Long-term debt (current)	53	247	6	6
Capitalized lease obligations (current)	39	17	17	10
Short-term borrowings	3,384	8,487	8,752	7,000
Accts payable	940	640	1,026	1,161
Due to service companies'	101			
Accruals	3,666	4,520	6,975	7,172
Total current liabilities	10,011	15,671	18,738	17,435
Insurance reserves'	421	540	671	782
Long-term debt (due after one yr)	28	6		
Cap lease obligations (due after one yr)	29	10	18	
Stockholders' equity	7,625	9,104	13,360	17,141
TOTAL LIABILITIES/ STOCKHOLDERS' EQUITY	18,113	25,330	32,786	35,358

Source: Company reports and Taglich Brothers estimates

Command Security Corporation
Cash Flow Statements
FY2005 – FY2009E
($ Thousands)

Year ending March 31:	2006A	2007A	2008A	2009E
Operating activities				
Net lincome (loss)	(100)	1,240	2,474	2,131
Depreciation/amortization	297	315	697	547
Stock based compensation	397	227	240	400
Prov for doubtful accts	1,158	215	(152)	287
(Gain) loss in equip sales	(19)	3	(3)	0
Gain on sale of securities			(50)	
Deferred income taxes	(66)	(450)	(1,246)	0
Insurance reserves	(10)	237	131	112
Restricted cash			(225)	
Changes in working capital	(6,598)	(5,788)	279	(1,170)
Net cash from operations	(4,941)	(4,001)	2,145	2,306
Investing activities				
Capital expenditures	(75)	(345)	(169)	(200)
Proceeds - equip sales	11	2	3	0
Acquisition of business		(413)	(2,261)	
Proceeds from sale of securities			149	
Proceeds (payment) - notes to admin svc clients	(125)	0	0	0
Principal collections - notes rec	9	116	0	0
Net cash from investing	(180)	(640)	(2,278)	(200)
Financing activities				
Proceeds (repayments) - line of credit	(1,152)	5,117	265	(1,752)
+/(-) checks in advance of deposits	1,334	(69)	202	124
Debt issuance cost		0	(153)	0
Proceeds - warrant exercises	2,918	0	10	0
Payments - other borrowings	(420)	(178)	(247)	(6)
Payments - cap lease obligations	(37)	(41)	(18)	(10)
Preferred dividends		0	0	0
Net cash from financing activities	2,643	4,829	59	(1,644)
Change in cash & equivalents	(2,479)	188	(73)	462
Cash - beginning	2,511	32	220	147
Cash - ending	32	220	147	609

Source: Company reports and Taglich Brothers estimates