

W/m

NAUSCH, HOGAN & MURRAY INC.
NHM INTERNATIONAL, INC.
NAUSCH, HOGAN & MURRAY, (V.I.) INC.
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004



Nausch, Hogan & Murray, Inc.
NHM International, Inc.
Nausch, Hogan & Murray, (V.I.) Inc.
Combined Financial Statements
December 31, 2005 and 2004

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EPSTEIN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

7722 Fifth Avenue
Brooklyn, N.Y. 11209
(718) 748-0700

Independent Auditor's Report

To the Stockholders
Nausch, Hogan & Murray, Inc.

We have audited the accompanying combined balance sheet of Nausch, Hogan & Murray, Inc., NHM International, Inc., and Nausch, Hogan & Murray, (V. I.) Inc. as of December 31, 2005 and 2004, and the related combined statements of income and retained earnings for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

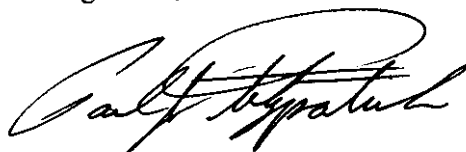
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Nausch, Hogan & Murray, Inc., NHM International, Inc., and Nausch, Hogan & Murray, (V. I.) Inc. as of December 31, 2005 and 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

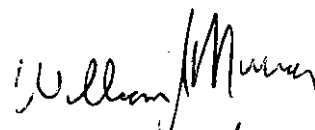
Epstein & Company

EPSTEIN & COMPANY

August 25, 2006


CORPORATE SECRETARY


Comptroller


PRESIDENT

Nausch, Hogan & Murray, Inc.
NHM International, Inc.
Nausch, Hogan & Murray, (V.I.) Inc.
Combined Balance Sheets

ASSETS

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$20,385,445	\$18,231,507
Commissions receivable	<u>1,780,743</u>	<u>1,691,636</u>
Total current assets	<u>22,166,188</u>	<u>19,923,143</u>
<u>FIXED ASSETS</u>		
Property plant and equipment, net	<u>1,405,019</u>	<u>1,772,369</u>
<u>OTHER ASSETS</u>		
Investment in Riverview Investment Company	1,931,078	1,889,166
Short term loans receivable	48,185	49,200
Prepaid assets	36,948	36,948
Other Receivables	<u>202,605</u>	<u>2,172,581</u>
	<u>2,218,816</u>	<u>4,147,895</u>
<u>TOTAL ASSETS</u>	<u>\$25,790,023</u>	<u>\$25,843,407</u>

The accompanying notes and independent auditor's
report should be read with these financial statements

Nausch, Hogan & Murray, Inc.
NHM International, Inc.
Nausch, Hogan & Murray, (V.I.) Inc.
Combined Balance Sheets

LIABILITIES AND STOCKHOLDER'S EQUITY

<u>LIABILITIES</u>	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
<u>CURRENT LIABILITIES</u>		
Unremitted insurance premiums	\$13,685,754	\$10,331,495
Unremitted insurance claims	2,196,266	4,407,703
Pension plan contributions payable	250,000	250,000
Provision for income tax	51,100	51,100
Employee withholding pension payable	3,932	6,196
Deferred rent payable - current	35,015	35,000
Bank loans and credit line	<u>502,266</u>	<u>500,517</u>
Total Current Liabilities	<u>16,724,333</u>	<u>15,582,011</u>
<u>LONG-TERM LIABILITIES</u>		
Mortgage payable	1,785,322	1,889,326
Deferred rent	<u>0</u>	<u>35,015</u>
Total Long-Term Liabilities	<u>1,785,322</u>	<u>1,924,341</u>
<u>OTHER LIABILITIES</u>		
Unrealized gain of foreign exchange	114,082	303,753
Other liabilities	<u>59,587</u>	<u>0</u>
<u>TOTAL LIABILITIES</u>	<u>18,683,324</u>	<u>17,810,105</u>
<u>STOCKHOLDER'S EQUITY</u>		
Common stock	21,600	21,600
Additional paid-in capital	1,642,624	3,695,786
Retained earnings	<u>5,442,475</u>	<u>4,315,916</u>
Total Stockholder's Equity	<u>7,106,699</u>	<u>8,033,302</u>
<u>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</u>	<u>\$25,790,023</u>	<u>\$25,843,407</u>

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Nausch, Hogan & Murray, Inc.
NHM International, Inc.
Nausch, Hogan & Murray, (V.I.) Inc.
Combined Statement of Income
For The Years Ended

	<u>December 31</u>	
<u>Revenues</u>	<u>2005</u>	<u>2004</u>
Commissions	\$13,293,565	\$13,481,460
Adjusters fees	5,473	21,743
Interest income	513,581	162,648
Other income	<u>58,662</u>	<u>21,586</u>
Total Revenues	<u>13,871,281</u>	<u>13,687,437</u>
<u>Expenses</u>		
Compensation and related costs	5,373,507	5,399,071
Payroll taxes	275,449	274,428
Pension contribution expense	250,000	250,000
Corporation taxes	41,570	122,525
Rent	481,761	458,729
Depreciation	387,770	554,938
Professional and consultant fees	421,537	150,867
Telephone	53,224	59,056
Bank Charges	30,101	33,649
Automobile expenses	105,298	79,523
Commercial rent tax	14,384	14,384
Dues and subscriptions	15,326	14,610
Travel and entertainment	343,614	418,579
Interest expense	154,480	120,736
Insurance expense	990,977	1,022,918
General office expenses	<u>3,297,947</u>	<u>3,070,578</u>
Total Expenses	<u>12,236,945</u>	<u>12,044,591</u>
<u>Net Income before provision for income taxes</u>	<u>1,634,336</u>	<u>1,642,846</u>
Less: Provision for income taxes	<u>51,100</u>	<u>51,100</u>
<u>Net Income after provision for income taxes</u>	<u>\$1,583,236</u>	<u>\$1,591,746</u>

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Nausch, Hogan & Murray, Inc.
NHM International, Inc.
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Combined Statement of Retained Earnings
For The Years Ended

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Retained earnings at January 1,	\$4,315,916	\$ 3,160,720
Add: Net income	1,583,236	1,591,746
Less: stockholder's distribution	<u>(456,677)</u>	<u>(436,550)</u>
Retained earnings at December 31,	<u>\$ 5,442,475</u>	<u>\$ 4,315,916</u>

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report should be read with these financial statements

Nausch, Hogan & Murray, Inc.
 NHM International, Inc.
 Nausch, Hogan & Murray, (V.I.) Inc.
 Supplemental Schedules
 For The Years Ended

Schedule 1

	<u>December 31</u>	
	<u>2005</u>	<u>2004</u>
Compensation and related costs		
London payroll	\$268,336	\$408,912
New York payroll	4,767,072	4,670,214
Officers payroll	338,099	319,945
	<u>\$5,373,507</u>	<u>\$5,399,071</u>

Schedule 2

General office expense		
New York office expense	\$389,577	\$454,491
London office expense	1,047,525	871,652
Rotterdam office expense	1,308,777	1,417,009
Virgin Island office expense	0	63,026
Singapore office expense	127,739	0
Miami office expense	55,065	68,000
Brazil office expense	129,264	11,400
NHM West office expense	240,000	185,000
	<u>\$3,297,947</u>	<u>\$3,070,578</u>

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Notes to the Combined Financial Statements
For The Years Ended December 31, 2005 and 2004

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Nausch, Hogan & Murray, Inc. (the Company) and its affiliates is a nonpublic insurance organization arranging property, casualty and marine liability coverage to both domestic and foreign clientele.

The significant accounting policies followed by the Company and its affiliates are summarized as follows:

Principles of Combination: The combined financial statements include the accounts of the Company and its affiliates.

Basis of Presentation: The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents and Foreign Cash Conversions: Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash. Foreign currencies are converted to United States dollars using the prevailing exchange rates at the balance sheet date.

Recognition of Premium Commission Revenues: Property, casualty and marine liability premium commissions are generally recognized as revenue when earned.

Accruals, Prepayments and Expense Recognition: Accruals and prepayments have been recognized including income tax.

Property and Equipment: Property and equipment is recorded at cost and is depreciated principally under the double declining method over the estimated useful lives of the respective assets.

Employee Benefit Plan: The Company sponsors a 401(k) savings plan that covers substantially all full-time employees. Benefits are a function of years of service and level of compensation, as well as employee elected salary deferrals. The Company's funding policy is to contribute annually an amount equal to at least the minimum required contribution in accordance with minimum funding standards established by ERISA.

Nausch, Hogan & Murray, Inc.
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Notes to the Combined Financial Statements
For The Year Ended December 31, 2005 and 2004

Taxes on Income

Nausch, Hogan & Murray, Inc. and its affiliates compute taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities vary substantially.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

BANK CREDIT LINE

The Company has an open credit line of \$500,000 with Barclays Bank PLC which is reviewed annually.

MORTGAGE PAYABLE

The Company took a mortgage for the purchase of a yacht, which is used as collateral for the mortgage. The balance of the mortgage payable at December 31, 2004 and 2005 were \$1,889,326 and \$1,785,322, respectively.