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NAUSCH, HOGAN & MURRAY INC

NHM INTERNATIONAL , INC.

NAUSCH, HOGAN & MURRAY, (V I) INC.

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005



Nausch, Hogan & Murray, Inc.
NHM International, Inc.
Nausch, Hogan & Murray, (V.I) Inc.
Combined Financial Statements
December 31, 2006 and 2005

CONTENTS

Reference

Report of Independent Certified Public Accountant

Combined Balance Sheets Exhibit "A"

Combined Statements of Income Exhibit "B"

Combined Statements of Retained Earnings Exhibit "C"

Supplemental Schedules

Notes to the Combined Financial Statements

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

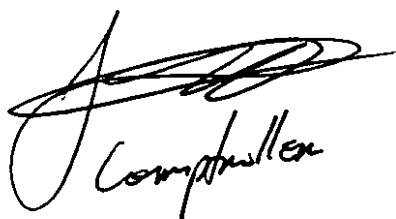
We have audited the accompanying combined balance sheet of Nausch, Hogan & Murray, Inc , NHM International, Inc , and Nausch, Hogan & Murray, (V I) Inc as of December 31, 2006 and 2005, and the related combined statements of income and retained earnings for the years then ended These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audit

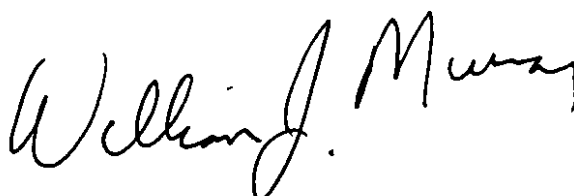

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, 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, 2006 and 2005, 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 15, 2007


Compitella


William J. Murray
President

CORPORATE SECRETARY

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

ASSETS

	<u>December 31</u>	
	<u>2006</u>	<u>2005</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$28,698,088	\$20,385,445
Commissions receivable	2,054,497	1,780,743
Total current assets	30,752,585	22,166,188
<u>FIXED ASSETS</u>		
Property plant and equipment, net	1,133,506	1,405,019
<u>OTHER ASSETS</u>		
Investment in Riverview Investment Company	1,931,078	1,931,078
Short term loans receivable	1,200,000	48,185
Prepaid assets	36,948	36,948
Other Receivables	202,847	202,605
	3,370,873	2,218,816
<u>TOTAL ASSETS</u>	<u>\$35,256,964</u>	<u>\$25,790,023</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

LIABILITIES

December 31

2006

2005

CURRENT LIABILITIES

Unremitted insurance premiums	\$18,707,930	\$13,685,754
Unremitted insurance claims	2,027,220	2,196,266
Pension plan contributions payable	275,000	250,000
Provision for income tax	178,410	51,100
Employee withholding pension payable	3,642	3,932
Deferred rent payable - current	0	35,015
Bank loans and credit line	497,000	502,266
Total Current Liabilities	21,689,202	16,724,333

LONG-TERM LIABILITIES

Mortgage payable	1,681,318	1,785,322
Loan from Northfork Bank	2,957,488	0
Total Long-Term Liabilities	4,638,806	1,785,322

OTHER LIABILITIES

Unrealized gain of foreign exchange	248,650	114,082
Other liabilities	75,540	59,587

TOTAL LIABILITIES

26,652,198 18,683,324

STOCKHOLDER'S EQUITY

Common stock	21,600	21,600
Additional paid-in capital	1,642,624	1,642,624
Retained earnings	6,940,542	5,442,475
Total Stockholder's Equity	8,604,766	7,106,699

TOTAL LIABILITIES AND

STOCKHOLDER'S EQUITY

\$35,256,964 \$25,790,023

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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>2006</u>	<u>2005</u>
Commissions	\$15,296,530	\$13,293,565
Adjusters fees	1,018	5,473
Interest income	976,910	513,581
Other income	83,083	58,662
Total Revenues	<u>16,357,541</u>	<u>13,871,281</u>
<u>Expenses</u>		
Compensation and related costs	5,668,511	5,373,507
Payroll taxes	294,877	275,449
Pension contribution expense	275,000	250,000
Corporation taxes	96,730	41,570
Rent	542,260	481,761
Depreciation	317,476	387,770
Professional and consultant fees	1,219,788	421,537
Telephone	50,736	53,224
Bank Charges	21,301	30,101
Automobile expenses	103,641	105,298
Commercial rent tax	14,384	14,384
Dues and subscriptions	20,286	15,326
Travel and entertainment	396,367	343,614
Interest expense	185,193	154,480
Insurance expense	997,822	990,977
General office expenses	3,940,858	3,297,947
<u>Total Expenses</u>	<u>14,145,230</u>	<u>12,236,945</u>
<u>Net Income before provision for income taxes</u>	<u>2,212,311</u>	<u>1,634,336</u>
Less Provision for income taxes	<u>178,410</u>	<u>51,100</u>
<u>Net Income after provision for income taxes</u>	<u>\$2,033,901</u>	<u>\$1,583,236</u>

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

	<u>December 31</u>	
	<u>2006</u>	<u>2005</u>
Retained earnings at January 1,	\$5,442,475	\$ 4,315,916
Add Net income	2,033,901	1,583,236
Less stockholder's distribution	<u>(535,834)</u>	<u>(456,677)</u>
Retained earnings at December 31,	<u>\$ 6,940,542</u>	<u>\$ 5,442,475</u>

The accompanying notes and independent auditor's
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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>2006</u>	<u>2005</u>
Compensation and related costs		
London payroll	\$309,176	\$268,336
New York payroll	5,017,371	4,767,072
Officers payroll	341,964	338,099
	<u>\$5,668,511</u>	<u>\$5,373,507</u>

Schedule 2

General office expense		
New York office expense	\$507,851	\$389,577
London office expense	1,162,095	1,047,525
Rotterdam office expense	1,402,198	1,308,777
Virgin Island office expense	131,886	0
Singapore office expense	129,891	127,739
Miami office expense	79,114	55,065
Brazil office expense	307,823	129,264
NHM West office expense	220,000	240,000
	<u>\$3,940,858</u>	<u>\$3,297,947</u>

Nausch, Hogan & Murray, Inc.
NHM International, Inc.
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Notes to the Combined Financial Statements
For The Years Ended December 31, 2006 and 2005

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.
NHM International, Inc.
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Notes to the Combined Financial Statements
For The Year Ended December 31, 2006 and 2005

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, 2005 and 2006 were \$1,785,322 and \$1,681,318 respectively.

LOAN PAYABLE

On October 16, 2006, the Company took a loan from North Fork Bank in the sum of \$3,000,000 to be paid back in 5 years at an interest rate of 6.56% per year. Principal and interest payments are made monthly.