EXHIBIT "A"

Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

J. T. Thorpe Settlement Trust

December 31, 2007 and 2006

Contents

Audit – Tax – Advisory

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Report of Independent Certified Public Accountants

To the Trustees of
J. T. Thorpe Settlement Trust

We have audited the accompanying special-purpose statements of net claimants' equity of J. T. Thorpe Settlement Trust (the Trust), organized in the State of Nevada, for the year ended December 31, 2007 and for the period from inception (June 29, 2006) through December 31, 2006, and the related statements of changes in net claimants' equity and cash flows for the periods then ended. These special-purpose financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, these special-purpose financial statements were prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants.

In our opinion, the accompanying special-purpose financial statements of J. T. Thorpe Settlement Trust, as of and for the year ended December 31, 2007 and for the period ended December 31, 2006, are fairly presented, in all material respects, on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements taken as a whole. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. This information has been subjected to the auditing procedures applied in our audit of the special-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Trust and Trustees, the beneficiaries of the Trust, the Futures Representative, the Futures Counsel, the members of the Trust Advisory Committee, and the United States Bankruptcy Court for the Central District of California, Los Angeles Division and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United State Bankruptcy Court for the Central District of California, Los Angeles Division is a matter of public record.

Grant Thornton LLP

Reno, Nevada
March 14, 2008

J. T. Thorpe Settlement Trust

STATEMENTS OF NET CLAIMANTS' EQUITY

December 31,

	2007	2006
ASSETS		
Cash, cash equivalents and investments		
Available-for-sale		
Restricted	$ 5,000,000	$ 5,000,000
Unrestricted	183,343,177	105,517,001
Total cash, cash equivalents and investments	188,343,177	110,517,001
Accrued interest receivable	1,247,185	477,352
Purchased interest	115,082	-
Prepaid federal income tax	1,569,051	500,789
Deferred tax asset	-	61,200
Total assets	$ 191,274,495	$ 111,556,342
LIABILITIES		
Accrued expenses	$ 135,629	$ 142,563
Contingency fees payable	-	4,622,742
Claim processing deposits	360,250	76,500
Deferred tax liabilities	274,200	-
Unpaid claims (Note D)		
Outstanding offers	2,528,407	590,159
Pre-confirmation liquidated claims	643,856	2,924,806
Facilities sharing agreement payable	126,000	126,000
Total liabilities	$ 4,068,342	$ 8,482,770
NET CLAIMANTS' EQUITY	$ 187,206,153	$ 103,073,572

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY

For the year ended December 31, 2007 and for the period from inception (June 29, 2006) through December 31, 2006

	2007	2006
Net claimants' equity, beginning	$ 103,073,572	$ -
Additions to net claimants' equity		
Initial funding	86,033,187	153,870,181
Investment income	7,184,846	3,073,174
Net realized and unrealized gains on available-for-sale securities	1,386,585	-
Total additions	94,604,618	156,943,355
Deductions from net claimants' equity		
Operating expenses	1,110,809	2,108,270
Provision for income taxes	2,017,138	338,011
Claims settled	5,405,842	34,347,434
Court ordered claimants' attorney fees (Note D)	-	16,485,909
Net increase in outstanding claim offers	1,938,248	590,159
Total deductions	10,472,037	53,869,783
Net claimants' equity, ending	$ 187,206,153	$ 103,073,572

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2007 and for the period from inception (June 29, 2006) through December 31, 2006

	2007	2006
Cash inflows:		
Initial funding	$ 86,033,187	$ 153,870,181
Investment income receipts	6,299,931	2,595,822
Realized gain	408,807	-
Increase in claim processing deposits	283,750	76,500
Total cash inflows	93,025,675	156,542,503
Cash outflows:		
Claim payments made	7,686,792	31,422,628
Court ordered claimants' attorney fees (Note D)	4,622,742	11,863,167
Total cash claim payments	12,309,534	43,285,795
Disbursements for Trust operating expenses	1,117,743	1,839,707
Disbursements for Trust income taxes	2,750,000	900,000
Total cash outflows	16,177,277	46,025,502
Net cash inflows	76,848,398	110,517,001
Non-cash changes:		
Net unrealized gains on available-for-sale securities	977,778	-
NET INCREASE IN CASH, CASH EQUIVALENTS AND INVESTMENTS AVAILABLE-FOR-SALE	77,826,176	110,517,001
Cash, cash equivalents and investments available-for-sale, beginning	110,517,001	-
Cash, cash equivalents and investments available-for-sale, ending	$ 188,343,177	$ 110,517,001

The accompanying notes are an integral part of these statements.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2007 and for the period from inception (June 29, 2006) through December 31, 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Description of Trust

The J. T. Thorpe Settlement Trust (the Trust), organized pursuant to the laws of the state of Nevada with its office in Reno, Nevada, was established pursuant to the J. T. Thorpe, Inc. (J. T. Thorpe), Dissolved J. T. Thorpe, Inc. (Dissolved Thorpe), Thorpe Technologies, Inc., and Thorpe Holding Company, Inc., (collectively the Debtors), First Amended Joint Plan of Reorganization (the Plan), dated August 5, 2005. The Trust was formed to assume the Debtors' liabilities resulting from pending and potential litigation involving individuals exposed to asbestos who have manifested asbestos-related diseases or conditions; liquidate, resolve, pay and satisfy all current and future asbestos related claims in accordance with the Plan; preserve, hold, manage and maximize the Trust assets for use in paying and satisfying allowed asbestos related claims; prosecute, settle and manage the disposition of the asbestos in-place insurance coverage; and prosecute, settle and manage asbestos insurance coverage actions. Upon approval of the Plan, the Trust assumed liability for existing and future asbestos health claims against the Debtors. The Trust was created effective June 29, 2006.

The Trust was initially funded with insurance settlement proceeds, Dissolved Thorpe securities, cash and a note receivable. Since the Trust's creation, the note receivable has been collected. The Trust's funding is dedicated solely to the settlement of asbestos health claims and the related costs thereto, as defined in the Plan.

The Trust processes and pays all asbestos related claims in accordance with the J. T. Thorpe Settlement Trust Agreement, as amended and restated, the Case Valuation Matrix (Matrix) and Trust Distribution Procedures (TDP) (collectively, the Trust Procedures).

2. Special-Purpose Accounting Methods

The Trust's financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States. The special-purpose accounting methods were adopted in order to present the amount of equity available for payment of current and future claims. These special-purpose accounting methods are as follows:

a. The financial statements are prepared using the accrual basis of accounting, as modified below.

b. The funding received from J. T. Thorpe, Inc., Dissolved Thorpe, Thorpe Technologies, Inc., Thorpe Holding Company, Inc. and their insurers is recorded directly to net claimants' equity. These funds do not represent income of the Trust. Offers for asbestos health claims are reported as deductions from net claimants' equity and do not represent expenses of the Trust.

c. Costs of non-income producing assets, which will be exhausted during the life of the Trust and are not available for satisfying claims, are expensed when incurred. These costs include acquisition costs of computer hardware, software, software development and other prepaid expenses.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Special-Purpose Accounting Methods - Continued

d. Future fixed liabilities and contractual obligations entered into by the Trust are recorded directly against net claimants' equity. Accordingly, the future minimum commitments outstanding at period end for non-cancelable obligations have been recorded as deductions from net claimants' equity.

e. The liability for unpaid claims reflected in the statement of net claimants' equity represents settled but unpaid claims and outstanding offers. A claims liability is recorded once an offer is made to the claimant at the amount equal to the expected pro rata payment. No liability is recorded for future claim filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

f. Available-for-sale securities are recorded at market. All interest and dividend income on available-for-sale securities, net of investment expenses is included in investment income on the statement of changes in net claimants' equity. Net realized and unrealized gains and losses on available-for-sale securities are recorded as a separate component on the statement of changes in net claimants' equity.

g. Realized gains and losses on available-for-sale securities are recorded based on the security's amortized cost. At the time a security is sold, all previously recorded unrealized gains and losses are reversed and recorded net, as a component of other unrealized gains and losses in the accompanying statement of changes in net claimants' equity.

3. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and cash invested in money market funds.

4. Deposits

Claims processing deposits represent filing fees collected for each unliquidated claim which fees are refunded by the Trust if the claim is paid.

5. Use of Estimates

The preparation of financial statements in conformity with the special-purpose accounting methods described above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Actual results could differ from those estimates.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Concentration of Credit Risk

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash and cash equivalents. Cash equivalents consist of money market accounts. Cash equivalents and demand deposits are maintained with high credit quality financial institutions. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits. The Trust believes it is not exposed to significant credit risk on cash and cash equivalents.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Trust has classified its investments as available for sale, and recorded the securities at market value, as follows:

	December 31, 2007	
	Cost	Market
Restricted:		
Cash equivalents	$ 5,000,000	$ 5,000,000
Unrestricted:		
Cash demand deposits	$ 462,754	$ 462,754
Cash equivalents	43,760,471	43,760,471
Equity securities	35,414,523	34,907,756
U.S. Government obligations	27,493,595	28,199,129
Municipal bonds	51,340,012	52,142,053
Mortgage backed securities	16,412,889	16,679,903
Corporate and other debt	7,481,155	7,191,111
	$182,365,399	$183,343,177

	December 31, 2006	
	Cost	Market
Restricted:		
Cash equivalents	$ 5,000,000	$ 5,000,000
Unrestricted:		
Cash demand deposits	$ 146,515	$ 146,515
Cash equivalents	105,370,486	105,370,486
	$105,517,001	$105,517,001

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

The maturities of the Trust's available-for-sale securities at market value (excluding cash equivalents) are as follows as of December 31, 2007:

	Less than 1 Year	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years
U.S. Government obligations	$ -	$ 7,723,342	$ 2,366,477	$18,109,310
Municipal bonds	-	11,333,941	22,018,747	18,789,365
Mortgage backed securities	-	1,564,708	800,966	14,314,229
Corporate and other debt	-	3,120,159	4,070,952	-
	$ -	$23,742,150	$29,257,142	$51,212,904

NOTE C - FIXED ASSETS

The cost of non-income producing assets that will be exhausted during the life of the Trust and are not available for satisfying claims are expensed as incurred. Since inception, the cost of fixed assets expensed, net of disposals, include:

Acquisition of computer hardware and software	$112,230

These items have not been recorded as assets, but rather as operating expenses and direct deductions from net claimants' equity in the accompanying financial statements. The cost of fixed assets that were expensed during the year ended December 31, 2007 and the period ended December 31, 2006 were $42,900 and $69,330, respectively.

Total depreciation expense related to asset acquisition using accounting principles generally accepted in the United States would have been approximately $28,975 and $3,913 for the year ended December 31, 2007 and the period ended December 31, 2006, respectively.

NOTE D - CLAIM LIABILITIES

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust (Pre-Confirmation Liquidated Claims) and claims received and processed using the Trust Procedures after the creation of the Trust (Trust Claims).

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release authorization is sent. Funds are released after the release is signed and received by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted, rejected or expires after six months. Offers may be extended an additional six months upon written request and good cause. During the year ended December 31, 2007, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal to the approved Payment Percentage of the claims' liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded, and is not a liability of the Trust, unless the Payment Percentage is increased. In that instance, the Trust would be obligated and retroactively pay the increased percentage to all previously paid claimants. The approved Payment Percentage during the year ended December 31, 2007 and the period ended December 31, 2006 was 50%.

The cases underlying the Pre-Confirmation Liquidated Claims were stayed by the courts until the Plan was approved. The Trust approved procedures and immediately arranged to pay, subject to receiving a claimant release, the approved Payment Percentage of the Liquidated Claim. The total dollar amount of the net Pre-Confirmation Liquidated Claims approved in the period ended December 31, 2006 was approximately $34,219,000. No new pre-confirmation liquidated claims were approved in the year ended December 31, 2007.

In October 2006, the bankruptcy court ordered approximately $18,805,000 of contingency fees, substantial contribution claims and related costs to be paid. These fees were reduced by approximately $2,323,000 paid prior to the inception of the Trust. During the year ended December 31, 2007 and the period ended December 31, 2006, the Trust paid approximately $4,623,000 and $11,863,000, respectively, against this obligation. As of December 31, 2007, there is no remaining obligation.

The Trust processed and approved approximately $7,345,000 and $719,000 of Trust Claims during the year ended December 31, 2007 and the period ended December 31, 2006, respectively.

NOTE E - FACILITY SHARING AGREEMENT

The Trust has entered into a facilities sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance payments of $21,000 per month, the Western Trust provides use of its facilities and services relating to administration and claims processing. The agreement expires June 30, 2008, and will automatically renew for additional one-year periods unless either party provides six months written notice. The Western Trust is required to provide a written reconciliation of the annual services costs compared to the advance payments. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The initial twelve-month reconciliation period ended June 30, 2007 and resulted in an additional payment to the Western Trust of approximately $46,000. During the year ended December 31, 2007, the reconciliation period was modified. The next reconciliation period will be the eighteen-month period ending December 31, 2008, with twelve-month periods ending December 31 thereafter. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE F - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan approved by the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on compensable diseases, jurisdictions, and individual factual information concerning each claimant as set forth in the Trust Procedures.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata payment percentage is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

Based on research and testimony presented during the bankruptcy, the court approved an initial Payment Percentage to claimants to be applied to the liquidated value of then current and estimated future claims. The TDP provided that the committee and the Futures Representative may agree on a different Initial Payment Percentage prior to the Effective Date if another party became a Settling Asbestos Insurance Company. Pursuant to an agreement between the Committee and the Futures Representative dated June 29, 2006, the Initial Payment Percentage to be used was 50% of the total liquidated value. The TDP gives the Trustees, with the consent of the TAC and the Futures Representative, the power to periodically update its estimate of the pro rata payment percentage based on updated assumptions regarding its future assets and liabilities and, if appropriate, propose additional changes in the pro rata payment percentage. No such changes have been made since inception.

Under the terms of the settlement agreements with certain insurers, a portion of the initial funding of the Trust was deferred until 2007. The amount owed to the Trust by the insurers was $86,000,000 as of December 31, 2006, and was recorded as an addition to net claimants' equity when received during the year ended December 31, 2007.

NOTE G - RESTRICTED CASH EQUIVALENTS

To avoid the high costs of director and officer liability insurance, and pursuant to the Trust Agreement, the Trust has elected to be self insured and has established a segregated security fund of $5 million. These funds are devoted exclusively to securing the obligations of the Trust to indemnify the former and current Trustees and officers, employees, agents and representatives of the Trust. The funds are held in a separate Trust bank account; interest income accrues to the benefit of the Trust. As of December 31, 2007 and 2006, cash equivalents of $5,000,000 were restricted for these purposes.

NOTE H - INCOME TAXES

For Federal income tax purposes, the Trust is taxed as a Qualified Settlement Fund (QSF). Income and expenses associated with the QSF are taxed in accordance with Section 468B of the Internal Revenue Code, which obligates the Trust to pay for any federal income tax liability imposed upon the QSF. The statutory income tax rate for the QSF is 35%.

The Trust accounts for income taxes in accordance with the Statement of Financial Accounting Standards (SFAS) No. 109, “Accounting for Income Taxes.” SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities.

The provision for income taxes consists of the following for the period ended December 31:

	2007	2006
Federal income tax – current	$1,681,738	$399,211
Deferred income tax expense (benefit)	335,400	(61,200)
	$2,017,138	$338,011

NOTE H - INCOME TAXES - Continued

The components of the deferred income tax asset (liability), as presented in the statement of net claimants' equity consisted of the following at December 31:

	2007	2006
Deferred tax asset (liability)		
Depreciation and amortization	$ 22,700	$17,100
Facility-sharing obligation	44,100	44,100
Other	1,200	-
Unrealized appreciation	(342,200)	-
	($274,200)	$61,200

Management expects to realize the deferred tax asset through the generation of future taxable income and, accordingly, has not established a valuation allowance.

SUPPLEMENTARY SCHEDULE

J. T. Thorpe Settlement Trust

SCHEDULE OF OPERATING EXPENSES

For the year ended December 31, 2007 and for the period from inception (June 29, 2006) through December 31, 2006

	2007	2006
Accounting	$ 96,022	$ 38,255
Claims processing	90,242	124,254
Computer equipment	42,900	69,330
Information technology support	22,185	10,491
Futures representatives	42,085	241,711
Internet	237	272
Legal fees	303,540	424,203
Travel, meals and entertainment	2,601	127
Trust advisory committee	65,703	796,271
Trust facilities sharing expense	298,308	252,000
Trustee fees	146,986	151,356
	$ 1,110,809	$ 2,108,270