EXHIBIT “B”

Financial statements and report of independent certified public accountants

J. T. Thorpe Settlement Trust

December 31, 2006

CONTENTS

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Report of Independent Certified Public Accountants

To the Trustee of
J. T. Thorpe Settlement Trust

We have audited the accompanying special-purpose statement of net claimants' equity of J. T. Thorpe Settlement Trust (the Trust), organized in the State of Nevada, as of December 31, 2006, and the related statements of changes in net claimants' equity and cash flows for the period from inception (June 29, 2006) through December 31, 2006. 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 audit 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 audit provides 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 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 Trustee, 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
April 9, 2007

J. T. Thorpe Settlement Trust

STATEMENT OF NET CLAIMANTS' EQUITY

December 31, 2006

ASSETS		
Cash and cash equivalents		
Restricted	$	5,000,000
Unrestricted		105,517,001
Total cash and cash equivalents		110,517,001
Accrued interest receivable		477,352
Prepaid federal income tax		500,789
Deferred tax asset		61,200
Total assets	$	111,556,342
LIABILITIES		
Accrued expenses	$	142,563
Contingency fees payable		4,622,742
Claim processing deposits		76,500
Unpaid claims (Note D)		
Outstanding offers		590,159
Pre-confirmation liquidated claims		2,924,806
Facilities sharing agreement payable		126,000
Total liabilities	$	8,482,770
NET CLAIMANTS' EQUITY	$	103,073,572

The accompanying notes are an integral part of this statement.

J. T. Thorpe Settlement Trust

STATEMENT OF CHANGES IN NET CLAIMANTS' EQUITY

For the period from inception (June 29, 2006)
through December 31, 2006

Net claimants' equity, beginning of period	$ -
Additions to net claimants' equity	
Initial funding	153,870,181
Interest income	3,073,174
Total additions	156,943,355
Deductions from net claimants' equity	
Operating expenses	2,108,270
Provision for income taxes	338,011
Claims settled	34,347,434
Court ordered claimants' attorney fees (Note D)	16,485,909
Net increase in outstanding claim offers	590,159
Total deductions	53,869,783
Net claimants' equity, end of period	$ 103,073,572

The accompanying notes are an integral part of this statement.

J. T. Thorpe Settlement Trust

STATEMENT OF CASH FLOWS

For the period from inception (June 29, 2006) through December 31, 2006

Cash inflows:	
Initial funding	$ 153,870,181
Investment income receipts	2,595,822
Increase in claim processing deposits	76,500
Total cash inflows	156,542,503
Cash outflows:	
Claim payments made	31,422,628
Court ordered claimants' attorney fees (Note D)	11,863,167
Total cash claim payments	43,285,795
Disbursements for Trust operating expenses	1,839,707
Disbursements for Trust income taxes	900,000
Total cash outflows	46,025,502
Net cash inflows	110,517,001
NET INCREASE IN CASH AND CASH EQUIVALENTS	110,517,001
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 110,517,001

The accompanying notes are an integral part of this statement.

J. T. Thorpe Settlement Trust

NOTES TO FINANCIAL STATEMENTS

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.

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.

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 AND CASH EQUIVALENTS

The following is a summary of the cash and cash equivalents held at 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 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	$69,330

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 period ended December 31, 2006 was $69,330.

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

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 form is sent. Funds are released after the release form is signed and received by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted or expires after six months. Offers may be extended an additional six months upon written request and good cause. During the period ended December 31, 2006, 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 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 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 and immediately made offers to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Confirmation 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.

Additionally, in October 2006, the bankruptcy court ordered approximately $18,805,000 of contingency fees, substantial contribution claims and related costs to be paid to the Pre-Confirmation claimants' attorneys. These fees were reduced by approximately $2,323,000 paid prior to the inception of the Trust. During the period ended December 31, 2006, the Trust paid approximately $11,863,000 against this obligation. The remaining obligation is scheduled to be paid in the year ended December 31, 2007.

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

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 a common Trustee. 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, 2007, and will automatically renew for additional one-year periods unless either party provides six months written notice. Annually (subsequent to the first anniversary of the agreement), 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 future minimum 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 scheduled diseases values, 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 to claimants of 50% payment of the liquidated value of then current and estimated future claims (Payment Percentage). The TDP gives the Trustee, 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 during the period ended December 31, 2006.

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. These amounts will be recorded as additions to net claimants' equity when received.

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 Trustee 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, 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, 2006:

Federal income tax – current	$399,211
Deferred income tax benefit	(61,200)
	$338,011

The components of the deferred income tax asset, as presented in the statement of net claimants' equity consisted of the following at December 31, 2006:

Deferred tax asset	
Depreciation and amortization	$17,100
Facility-sharing obligation	44,100
	$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 period from inception (June 29, 2006) through December 31, 2006

Accounting	$ 38,255
Claims processing	123,654
Computer equipment	69,330
Database development	10,491
Futures' representatives	241,711
Internet	272
Legal fees	424,203
Office expense	500
Taxes and licenses	100
Travel, meals and entertainment	127
Trust advisory committee	796,271
Trust facilities sharing expense	252,000
Trustee fees	151,356
	$ 2,108,270