

801.11

Verne, B. Michael

---

From: [REDACTED]  
Sent: Monday, August 31, 2009 1:11 PM  
To: Verne, B. Michael  
Subject: Regularly Prepared Balance Sheet

Mike,

I am following up on my voicemail. I hope all is going well. I haven't talked with you in ages.

I want to confirm our understanding of the treatment of two balance sheets of an acquired person - an April Balance Sheet and a June Balance Sheet. The two balance sheets reflect different total assets for the acquired person.

April Balance Sheet (audited): The April Balance Sheet is for the period ending April 30, 2009. However, the April Balance Sheet (part of audited financials) was not officially delivered by the accountants until August 26, 2009. The April Balance Sheet was prepared as part of a transaction - the acquired person is required to "demerge" some assets that Buyer does not want to acquire in the transaction at hand. Accordingly, the acquired person audited its financials for the period ending April 30, 2009 for valuation purposes for the "demerger".

June Balance Sheet (unaudited): The June Balance Sheet is for the period ending June 30, 2009. The acquired person prepares these types of unaudited balance sheets on a quarterly basis. The June Balance Sheet is one of the regularly prepared quarterly balance sheets.

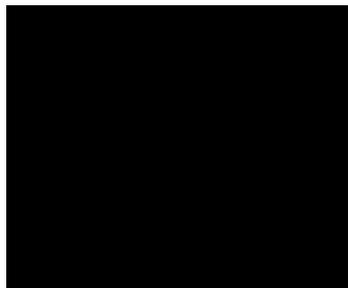
We believe that the April Balance Sheet should be considered a special financial statement and not a regularly prepared balance sheet because the April Balance Sheet was prepared in connection with a specific transaction. We believe that the June Balance Sheet should be considered the last regularly prepared balance sheet of the acquired person for the purpose of determining the total assets of the acquired person.

Could you confirm our understanding that the June Balance Sheet should be considered the last regularly prepared balance sheet of the acquired person.

Thank you again for your assistance. The client is hoping for some guidance today.

Kind regards,

[REDACTED]



AGREE -  
[Handwritten Signature]  
8(31)09