SHI International Corp. and Subsidiary
(formerly Software House International, Inc.)

Report on Consolidated Financial Statements

Years Ended December 31, 2008 and 2007

Index

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Accountants and Consultants since 1919

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Report of Independent Public Accountants

To the Board of Directors
SHI International Corp.

We have audited the accompanying consolidated balance sheets of SHI International Corp. and Subsidiary (formerly Software House International, Inc.) as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SHI International Corp. and Subsidiary as of December 31, 2008 and 2007, and their results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

J.H. Cohn LLP

Roseland, New Jersey
February 9, 2009

SHI INTERNATIONAL CORP. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	**$ 92,379,869**	$ 108,474,796
Accounts receivable, net of allowance for doubtful accounts of $850,000	**352,885,398**	340,498,649
Inventories	**11,372,805**	17,599,163
Due from related party	**978,829**	7,403,112
Loan to stockholder	**10,000,000**	
Prepaid expenses and sundry receivables	**1,362,887**	542,538
Total current assets	**468,979,788**	474,518,258
Property and equipment, net of accumulated depreciation and amortization	**23,642,792**	22,020,524
Security deposits and other assets	**669,223**	435,815
Totals	**$ 493,291,803**	$ 496,974,597

LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2007
Current liabilities:		
Wholesale financing agreement advances	**$ 31,876,566**	$ 33,426,113
Accounts payable	**358,963,051**	341,771,090
Accrued expenses and other liabilities	**14,218,282**	16,999,934
Income taxes payable		245,988
Total liabilities	**405,057,899**	392,443,125
Commitments		
Stockholders' equity:		
Common stock, no par value; 2,500 shares authorized; 100 shares issued and outstanding	**100,000**	100,000
Additional paid-in capital	**300,000**	300,000
Retained earnings	**87,880,125**	102,720,524
Accumulated other comprehensive income (loss)	**(46,221)**	1,410,948
Total stockholders' equity	**88,233,904**	104,531,472
Totals	**$ 493,291,803**	$ 496,974,597

See Notes to Consolidated Financial Statements.

SHI INTERNATIONAL CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Net sales and commissions	$ 2,441,609,448	$ 2,187,779,443
Cost of sales	2,255,704,644	2,002,965,988
Gross profit	185,904,804	184,813,455
Selling, general and administrative expenses	150,349,070	124,970,237
Income from operations	35,555,734	59,843,218
Other income (expense):		
Interest and dividend income	3,657,192	7,463,466
Foreign currency exchange gains (losses)	(1,509,530)	(257,722)
Gain on sale of property and equipment	18,000	1,234,408
Loss on abandonment of property and equipment	(34,395)	(266,745)
Totals	2,131,267	8,173,407
Income before income taxes	37,687,001	68,016,625
Provision for state income taxes	395,417	624,161
Net income	37,291,584	67,392,464
Other comprehensive income (loss) - foreign currency translation adjustments	(1,457,169)	721,108
Comprehensive income	$ 35,834,415	$ 68,113,572
Retained earnings, beginning of year	$ 102,720,524	$ 103,370,320
Net income	37,291,584	67,392,464
Distributions to stockholders	(52,131,983)	(68,042,260)
Retained earnings, end of year	$ 87,880,125	$ 102,720,524

See Notes to Consolidated Financial Statements.

SHI INTERNATIONAL CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Operating activities:		
Net income	**$ 37,291,584**	$ 67,392,464
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**3,355,796**	1,024,449
Bad debts	**124,950**	28,102
Gain on sale of property and equipment	**(18,000)**	(1,234,408)
Loss on abandonment of property and equipment	**34,395**	266,745
Changes in operating assets and liabilities:		
Accounts receivable	**(18,915,546)**	930,112
Inventories	**6,201,311**	(4,286,101)
Due from related party	**5,344,000**	(3,659,470)
Prepaid expenses and sundry receivables	**(837,639)**	889,442
Security deposits and other assets	**(273,983)**	(23,809)
Accounts payable	**11,551,498**	4,856,091
Accrued expenses and other liabilities	**8,692,582**	(946,339)
Income taxes payable	**(245,988)**	22,742
Net cash provided by operating activities	**52,304,960**	65,260,020
Investing activities:		
Purchase of property and equipment	**(5,012,459)**	(20,949,490)
Proceeds from sale of property and equipment	**18,000**	5,461,991
(Loan to) repayments from stockholder	**(10,000,000)**	5,120,000
Net cash used in investing activities	**(14,994,459)**	(10,367,499)
Financing activities:		
Net wholesale financing agreement advances	**(1,549,547)**	(22,408,987)
Distributions to stockholders	**(52,131,983)**	(68,042,260)
Net cash used in financing activities	**(53,681,530)**	(90,451,247)
Effect of exchange rate changes on cash and cash equivalents	**276,102**	879,996
Net decrease in cash and cash equivalents	**(16,094,927)**	(34,678,730)
Cash and cash equivalents, beginning of year	**108,474,796**	143,153,526
Cash and cash equivalents, end of year	**$ 92,379,869**	$ 108,474,796
Supplemental disclosure of cash flow data:		
Income taxes paid	**$ 923,841**	$ 632,885

See Notes to Consolidated Financial Statements.

Note 1 - Business and summary of accounting policies:

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of SHI International Corp. ("SHI") (formerly Software House International, Inc.) and its wholly-owned subsidiary, SHI Canada ULC. All intercompany balances and transactions have been eliminated in consolidation. As used herein, the Company refers to SHI and SHI Canada ULC, collectively.

Business:

The Company primarily sells computer software, computer hardware and related products, and also provides various customer support services. The Company's customer base consists primarily of large commercial enterprises and government agencies located throughout the United States, Canada and Europe. The Company's suppliers consist primarily of major software publishers and distributors and computer hardware and accessory manufacturers and distributors.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue recognition:

The Company recognizes revenue from hardware and software sales at the time of product shipment or in accordance with the terms of licensing contracts. Service revenue is generally recognized as the services are provided and billed.

The Company acts as an agent for certain of its customers. The customer is responsible for the financial aspects of the transaction and pays the vendor directly. For providing this service to its customers, the Company earns a commission. Included in net sales and commissions in 2008 and 2007 is commission income of $64,669,345 and $64,809,108, respectively.

Cash and cash equivalents:

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less when acquired.

Concentrations of credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. The Company maintains its cash and cash equivalents with high credit quality financial institutions. At times, the Company's cash and cash equivalents exceed the currently insured amounts under the Federal Deposit Insurance Corporation.

Note 1 - Business and summary of accounting policies (continued):

Concentrations of credit risk (concluded):

At December 31, 2008, the Company has cash and cash equivalent balances on deposit with four banks that exceed the balance insured in the amount of approximately $101,825,000. Credit risk with respect to trade accounts receivable is limited because the Company deals with a large number of customers in a wide geographic area. In addition, the Company routinely assesses the financial strength of its customers, establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information, and does not have a policy of requiring collateral.

Inventories:

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed primarily using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets.

Advertising and promotion:

The Company expenses the cost of advertising and promotions as incurred. Such costs amounted to $1,212,787 and $766,814 in 2008 and 2007, respectively. Advertising credits and cooperative marketing funds are received from software publishers and offset against selling, general and administrative expenses when realized.

Shipping costs:

Shipping and handling costs, which are included in cost of sales, amounted to $4,448,441 and $3,193,183 in 2008 and 2007, respectively.

Sales taxes:

The Company collects sales tax from customers and remits the entire amount to the state. The Company's accounting policy is to exclude the tax collected and remitted to the state from revenue and cost of sales.

Foreign currency:

All balance sheet accounts of foreign operations are translated into U.S. Dollars at the year-end rate of exchange and statement of income items are translated at the weighted average exchange rates for the year. The resulting translation adjustments are reported as a component of accumulated other comprehensive income (loss) within stockholders' equity. Gains and losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables, are included in the consolidated statements of income.

Note 1 - Business and summary of accounting policies (concluded):

Income taxes:

The Company, with the consent of its stockholders, has elected to be treated as an "S" Corporation under certain sections of the Internal Revenue Code. Under these sections, corporate income or loss, in general, is allocated to the stockholders for inclusion in their personal income tax returns. Accordingly, there is no Federal income tax provision in the accompanying consolidated financial statements.

Additionally, the Company has elected "S" Corporation status for state tax purposes. However, certain states do not recognize "S" Corporations or impose tax on "S" Corporation income at reduced rates and, accordingly, a provision for such tax is included in the accompanying consolidated financial statements.

The Company accounts for state income taxes pursuant to the asset and liability method which requires deferred tax assets and liabilities, when material, to be computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

New accounting pronouncements:

In July 2006, Financial Accounting Standards Board ("FASB") Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of SFAS No. 109," was issued. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FASB Staff Position ("FSP") FIN 48-3 deferred adoption for most nonpublic enterprises to annual periods beginning after December 15, 2008. The Company, pursuant to the FSP, has elected to defer its application until its required effective date of January 1, 2009. The Company's policy for evaluating uncertain tax positions prior to the adoption of FIN 48 has been to provide for income taxes based on positions taken on the Company's tax return with valuation allowances established for uncertain positions based on the guidance established by SFAS No. 5 "Accounting for Contingencies". Management does not expect the adoption of FIN 48 to have a material effect on the consolidated financial condition or the results of operations of the Company.

Note 2 - Related party transactions:

The Company is affiliated with SHI/Government Solutions, Inc. ("Government Solutions") through common ownership interests. During the years ended December 31, 2008 and 2007, the Company provided administrative services to Government Solutions which included the use of certain functions of the Company's internal accounting system. The Company also makes product purchases on behalf of Government Solutions. The Company bills these purchases at cost. At December 31, 2008 and 2007, the balance due from related party consists principally of amounts due for product purchases.

In 2008 and 2007, the Company charged $949,856 and $952,665, respectively, to Government Solutions for salaries and commissions paid by the Company on behalf of Government Solutions. These charges were recorded as a reduction of salaries and commissions in selling, general and administrative expenses.

All balances between the Company and Government Solutions are expected to be repaid in the ordinary course of business. Interest at 6%, which amounted to $142,663 and $123,596, was charged on outstanding balances in 2008 and 2007, respectively, and is included in interest and dividend income.

During 2008, the Company made a loan to one of its stockholders at an interest rate of 4% with an expected repayment date in the first quarter of 2009.

Note 3 - Property and equipment:

Property and equipment consist of the following:

	Estimated Useful Lives	**2008**	2007
Land		**$ 1,684,300**	$ 1,684,300
Building and improvements	5-39 years	**14,400,358**	10,724,047
Office equipment	5 years	**5,595,728**	4,280,897
Furniture and fixtures	5 years	**6,192,348**	1,668,933
Vehicles	5 years	**113,467**	113,467
Construction in progress			5,322,147
		27,986,201	23,793,791
Less accumulated depreciation and amortization		**4,343,409**	1,773,267
Totals		**$23,642,792**	$ 22,020,524

Note 4 - Wholesale financing agreement:

Under the terms of a wholesale financing agreement with IBM Global Financing, the Company has a $50,000,000 line of credit available to purchase computer software and hardware products from selected suppliers authorized by IBM Global Financing in amounts in excess of the Company's existing credit limits with the suppliers. Outstanding balances bear interest at a per annum rate equal to the prime rate plus 2.5% after expiration of varying interest free periods, generally ranging from 30 to 45 days. Advances are collateralized by accounts receivable and inventories. Interest expense was not material under the financing agreement in 2008 or 2007.

Note 5 - Lines of credit:

The Company has two revolving credit and security agreements with Wachovia Bank, National Association and TD Bank N.A., which expire on July 1, 2009 and December 29, 2009, respectively, and provide for maximum borrowings of $50,000,000 and $15,000,000, respectively. Borrowings under the Wachovia Bank, National Association credit agreement bear interest at the lower of the bank's prime rate (3.25% at December 31, 2008) or LIBOR plus 1.5% per annum. Borrowings under the TD Bank N.A. credit agreement bear interest at the monthly LIBOR rate plus 2.00%. At December 31, 2008 and 2007, there were no amounts outstanding under either of these agreements. The lines are also collateralized by accounts receivable, inventories and equipment.

Note 6 - Employee benefit plan:

The Company maintains a 401(k) savings plan to provide retirement benefits to all eligible employees. Company contributions to the plan, which are discretionary and subject to certain limitations, amounted to $1,157,196 and $936,387 in 2008 and 2007, respectively.

Note 7 - Income taxes:

Deferred tax assets result primarily from the allowance for doubtful accounts which is not deductible for tax purposes until losses are identified and written off. Deferred tax liabilities result primarily from the use of accelerated methods of depreciation for tax reporting purposes.

Note 8 - Accumulated other comprehensive income (loss):

At December 31, 2008 and 2007, accumulated other comprehensive income (loss) had balances of $(46,221) and $1,410,948, respectively. The changes in accumulated other comprehensive income (loss), which consisted entirely of foreign currency translation adjustments, amounted to gains (losses) of $(1,457,169) and $721,108 in 2008 and 2007, respectively.

Note 9 - Lease commitments:

The Company leases several office facilities under noncancelable operating leases expiring through December 2014. Future minimum rental payments under noncancelable operating leases for the five years subsequent to December 31, 2008 and thereafter are as follows:

Year Ending December 31,	Amount
2009	$2,200,000
2010	2,174,000
2011	1,052,000
2012	545,000
2013	522,000
Thereafter	222,000
Total	$6,715,000

Total rent amounted to $1,599,050 and $1,684,186, net of rental income of $1,547,402 and $1,480,064 in 2008 and 2007, respectively. Rental income for each of the years ended December 31, 2009 through 2012 will amount to $1,021,218 and $510,609 in 2013.

Note 10- Fair value of financial instruments:

The Company's material financial instruments at December 31, 2008 and 2007 for which disclosure of estimated fair value is required by certain accounting standards consist of cash and cash equivalents, accounts receivable, due from related party, loan to stockholder, wholesale financing agreement advances and accounts payable. Cash and cash equivalents are carried at cost which approximates fair value. The fair value of all other financial instruments are estimated to be equal to or approximate their respective carrying values due to the short-term nature of such instruments.

Note 11- Foreign operations:

The Company has operations in Canada and the United Kingdom ("UK"). Operations of Canada and UK as of and for the years ended December 31, 2008 and 2007, which are included in the consolidated financial statements, are as follows:

	2008	2007
Net sales	**$128,173,898**	$139,734,200
Net income	**$ 576,095**	$ 4,561,470
Total assets	**$ 53,992,558**	$ 43,922,041
Total liabilities	**$ 46,041,655**	$ 35,089,961