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M. H. DETRICK COMPANY
ASBESTOS TRUST

FINANCIAL REPORT
DECEMBER 31, 2006 and 2005

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A.M. PEISCH & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Trustee and Trust Advisory Committee
M. H. Detrick Company Asbestos Trust
Leeds, Alabama

We have audited the accompanying statements of net claimants' equity of M. H. Detrick Company Asbestos Trust (A Delaware Business Trust) as of December 31, 2006 and 2005, and the related statements of changes in net claimants' equity and cash flows for the years then ended. These statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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.

The accompanying financial statements were prepared to comply with the Trust Agreement and to assist the readers in determining the amount of equity available for payment of current and future claims. The financial statements have been prepared pursuant to the special purpose accounting methods described in Note 2, and are not intended to be a presentation of financial statements in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net claimants' equity of M. H. Detrick Company Asbestos Trust as of December 31, 2006 and 2005, and the changes in net claimants' equity and its cash flows for the years then ended in conformity with the special purpose accounting methods referred to in Note 2 to the financial statements.

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Our audits were made for the purpose of expressing an opinion on the financial statements taken as a whole. The information included in the accompanying Schedules of Operating and Claims Resolution Expenses is presented only for additional analysis purposes. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

This report is intended solely for the Trustee, the Court, the Trust Advisory Committee and M. H. Detrick Company and is not intended to be and should not be used by anyone other than these specified parties.

A. M. Peisch & Company, LLP

March 6, 2007
Rutland, Vermont
VT Reg. No. 92-0000102

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M. H. DETRICK COMPANY ASBESTOS TRUST
STATEMENTS OF NET CLAIMANTS' EQUITY
As of December 31, 2006 and 2005

	2006	2005
ASSETS:		
Cash and cash equivalents	$ 81,390	$ 289,406
Investments	1,733,516	1,475,552
Investment - M. H. Detrick Company stock	1	1
Note receivable - M. H. Detrick Company	270,000	320,000
Accrued interest receivable	41,811	23,359
Prepaid income tax	-0-	4,500
Prepaid expenses	2,083	2,118
Total assets	2,128,801	2,114,936
LIABILITIES:		
Accrued federal income tax	7,905	-0-
Accrued expenses	3,842	-0-
Total liabilities	11,747	-0-
NET CLAIMANTS' EQUITY	$ 2,117,054	$ 2,114,936

See accompanying notes.

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M. H. DETRICK COMPANY ASBESTOS TRUST
STATEMENTS OF CHANGES IN NET CLAIMANTS' EQUITY
For The Years Ended December 31, 2006 and 2005

	2006	2005
NET CLAIMANTS' EQUITY, Beginning	$ 2,114,936	$ 2,123,857
ADDITIONS TO NET CLAIMANT'S EQUITY:		
Investment income	73,696	57,298
Loan interest income	32,603	35,513
Loss on sale of investments	(57,629)	(6,913)
Unrealized gain (loss) on investments	30,664	(17,739)
Total additions	79,334	68,159
DEDUCTIONS FROM NET CLAIMANTS' EQUITY:		
Operating and claims resolution expenses	64,811	77,080
Federal Income tax	12,405	-0-
Total deductions	77,216	77,080
NET CLAIMANTS' EQUITY, ENDING	$ 2,117,054	$ 2,114,936

See accompanying notes.

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M. H. DETRICK COMPANY ASBESTOS TRUST
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2006 and 2005

	2006	2005
CASH INFLOWS:		
Interest - M. H. Detrick note receivable	$ 5,000	$ 23,936
Payment received - M. H. Detrick note receivable	50,000	30,000
Sales of investments	3,321,246	442,250
Investment income	82,848	57,416
Total cash inflows	3,459,094	553,602
CASH OUTFLOWS:		
Purchase of investments	1,872,660	314,572
Net purchases of commercial paper	1,733,516	-
Operating and claims resolution expenses	60,934	79,356
Federal taxes paid	-0-	4,500
Total cash outflows	3,667,110	398,428
NET CASH INFLOWS (OUTFLOWS)	(208,016)	155,174
CASH AND CASH EQUIVALENTS, BEGINNING	289,406	134,232
CASH AND CASH EQUIVALENTS, ENDING	$ 81,390	$ 289,406
SUPPLEMENTAL INFORMATION:		
Increase (decrease) in unrealized loss on investments available for sale	($ 30,664)	$ 17,739

See accompanying notes.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE TRUST

The M. H. Detrick Company Asbestos Trust (the Trust), organized pursuant to the laws of the State of Delaware (Delaware Business Trust), was established pursuant to the M. H. Detrick Company (Detrick) Third Amended Joint Plan of Reorganization (the Plan). The Trust was formed to assume Detrick's liabilities with respect to any and all Asbestos Bodily Injury Claims and Demands and Asbestos Property Damage Claims and Demands (cumulatively Claims and Demands) in such a way that all holders of Claims and Demands are treated in a substantially equivalent manner. Upon establishment of the Plan, the Trust assumed liability for existing and future asbestos health and property damage claims. The Trust had initial funding and will receive ongoing fixed and contingent funding as described below under "Funding of the Trust." The Trust's funding is dedicated solely to the settlement of asbestos health and property damage claims and the related costs thereto, as defined in the Plan. The Trust was established on August 21, 2002.

Funding of the Trust

Initial sources of funds as described in the Plan are as follows:

a. All of the common stock of M. H. Detrick Company.
b. Detrick's asbestos related insurance coverage with a value of approximately $2,479,000.
c. Detrick shall pay all of its income into the Trust less a sufficient amount of operating capital to maintain successful business operations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The Trust's financial statements are prepared using special-purpose accounting methods that differ from U.S. generally accepted accounting principles (GAAP). The special-purpose accounting methods were adopted in order to better communicate to the beneficiaries of the Trust the amount of equity available for payment of current and future claims. These special-purpose accounting methods are enumerated as follows:

1. The financial statements are on the accrual basis of accounting except as noted below.
2. Distributions received from Detrick and any insurance proceeds will be recorded directly to Net Claimants' Equity. Settlement payments to settle asbestos health claims will be recorded as reductions of Net Claimants' Equity.
3. The cost of any non-income producing assets (if any), which will be exhausted during the life of the trust, will be expensed as incurred. This includes fixed assets and software development.
4. Future fixed liabilities or contractual obligations (if any) entered into by the Trust will be recorded directly against Net Claimants' Equity.
5. The liability for unpaid claims will only be recorded if the claim has been approved for payment but not yet paid. No liability will be recorded for any un-filed claims or filed claims that have not been approved for payment. Net Claimants' Equity represents funding available to pay present and future claims on which no fixed liability has been recorded.

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NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Presentation (Continued)

6. Included in investments is short-term commercial paper. This generally has a maximum maturity of 270 days and is unsecured corporate debt. It is typically issued by corporations with the highest rating since it is secured solely by the good name (credit) of the issuing corporation. The Trust generally invests in commercial paper with maturities of less than 30 days. These investments are recorded at initial cost with interest recorded at the time of maturity. Marketable debt and equity securities are carried at fair value with unrealized gains and losses reported as additions to net claimants' equity. The average cost method is used to determine realized gains and losses on sales of mutual fund investments. The specific identification method is used to determine realized gains and losses on sales of all other investments.
7. The recorded value of the closely held manufacturing company has not been determined; therefore a nominal value of $1 has been presented. The value will not be changed due to the lack of any objective means to measure changes in value. This investment is seen as temporary and available to satisfy claims so the accounts of the company will not be consolidated. Distributions from the company will be recorded as additions to Net Claimants' Equity.

(b) Cash

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents include all checking and money market account balances.

(c) M. H. Detrick Distributions

Detrick makes annual distributions (as described in IRS Code section 468B) to the Trust out of current earnings and profits, when available. These annual distributions are reported as additions to net claimants' equity. There were no distributions received in 2006 or 2005.

(d) 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. The most significant estimates with regard to these financial statements relates to unpaid claims, as discussed in Notes 7 and 8.

NOTE 3. CASH

The Trust maintains accounts at a bank and an investment company. These accounts are insured up to federal limits. During the course of the year, balances in these accounts may exceed these limits. No losses have been experienced on these accounts.

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NOTE 4. LITIGATION

The Trustee and Trust Advisory Committee are not aware of any non-asbestos related litigation, claims or assessments against the Trust.

NOTE 5. INVESTMENTS

Investments consist of the following at December 31:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2006				
Short-term commercial Paper	$1,733,516	$ -0-	$ -0-	$1,733,516
	$1,733,516	$ -0-	$ -0-	$1,733,516
December 31, 2005				
Corporate debt securities	$ 154,916	$ 81	$ 2,759	$ 152,238
U.S. Government obligations	1,314,689	-0-	28,287	1,286,402
Mutual funds	36,610	302	-0-	36,912
	$1,506,215	$ 383	$ 31,046	$1,475,552

The following is a schedule of investment maturities at December 31, 2006:

	Cost	Fair Value
No fixed maturity	$ -0-	$ -0-
Due in one year or less	1,733,516	1,733,516
Due from one to five years	-0-	-0-
Due from five to ten years	-0-	-0-
Due after ten years	-0-	-0-
	$1,733,516	$1,733,516

Gross realized gains and gross realized losses on sales of investments were $2,295 and $59,924, respectively, in 2006 and $85 and $6,998, respectively, in 2005. Proceeds from the sale of investments amounted to $3,321,246 and $442,250 in the years ended December 31, 2006 and 2005, respectively.

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NOTE 6. NOTE RECEIVABLE – M.H. DETRICK COMPANY

The note receivable from M.H. Detrick Company was funded in 2003. Interest is charged on this note at Cole Taylor Bank prime plus 2%, currently 10.25%. Quarterly interest only payments began December 1, 2003. Quarterly principal and interest payments began in December 2004 and continue for two years, with the entire indebtedness was due and payable on December 1, 2006. Interest payments to the Trust were suspended in October 2005. On February 16, 2006 an addendum was signed extending the due date to December 1, 2007 and amending the interest terms. A principal payment of $50,000 was received December 29, 2006. Interest receivable from this note totaled $41,811 and $14,207 at December 31, 2006 and 2005, respectively. The note is secured by a subordinated collateral interest in the personal property of M.H. Detrick Company.

NOTE 7. UNPAID CLAIMS

At December 31, 2005, the Trust had not yet received a formal assessment of anticipated unpaid claims. At that time, it was believed that future claims would greatly exceed expected future available funds from all sources. It is currently anticipated that each claim will receive a fixed payment in settlement of the claim. An estimate was prepared for the June, 2006 Trust Advisory Committee meeting which estimated that there will be 120,000 claims at a cost of $960,000 after adjustment for the estimated un-cashed checks. The claims process will be opened in 2007 (See Note 10.)

NOTE 8. NET CLAIMANTS' EQUITY

Claims and Demands are handled based on procedures implemented by the Trust. These procedures are collectively referred to as the Asbestos-Related Claims Resolution and Distribution Procedures. When sufficient funds become available to pay claims, the Trust pays claimants a fixed payment amount as determined by the Trustee and approved by the Trust Advisory Committee.

The Distribution Procedures contain certain procedures for the distribution of the Trust's limited assets. Under the Distribution Procedures, the Trust may periodically re-evaluate its anticipated annual sources and uses of cash until the last projected future claim has been paid. Due to the limited assets of the Trust these procedures are currently restricted to a fixed payment amount per claim in full satisfaction of each claim. (See Note 10.)

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NOTE 9. INCOME TAXES

For Federal income tax purposes, Detrick has elected for the assets of the Trust to be taxed as a "Designated Settlement Fund." Income and expenses associated with these assets of the Trust are taxed in accordance with Section 468B of the Internal Revenue Code. Under this Code section all transfers from Detrick and all insurance proceeds to be utilized in the settlement of asbestos related claims are not considered taxable income, and all claim settlement payments are non-deductible. The Trust records income tax expense as it is currently due or refundable. The Trust had capital loss carryovers of $68,227 and $10,633 at December 31, 2006 and 2005, respectively. No provision is made for these tax benefits.

NOTE 10. SUBSEQUENT EVENT

On February 25, 2007 M.H. Detrick Asbestos Trust will be open for claims filing. This will end on April 26, 2007. Claims payments will be made to the extent funds are available for payment. Web processed claims payments value will be at $8.00 per claim and telephone processed claims payments value will be at $6.00 per claim. It is unknown at this time how many claims will be processed. However, M.H. Detrick anticipates a large response from claimants. The Trustees do not expect all claims to be paid in the open period cycle. Approved claims not paid in this open period, due to availability of funds, will be retained in the Trust database and will be considered for payment in the next open period.

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SUPPLEMENTAL INFORMATION

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M. H. DETRICK COMPANY ASBESTOS TRUST
SCHEDULES OF OPERATING AND CLAIMS RESOLUTION EXPENSES
For The Years Ended December 31, 2006 and 2005

	2006	2005
OPERATING EXPENSES:		
Accounting fees	$ 9,226	$ 8,449
Administrative expense	7,000	7,000
Co-Trustee fees	2,500	2,500
Legal and professional fees	9,698	628
Consulting fees	8,871	29,068
Investment management fees	9,108	9,231
Office expense	106	114
Miscellaneous expense	110	76
Web site development	1,425	4,929
TAC expenses	919	-0-
Trustee fees	15,000	15,000
Trustee travel	848	85
Total operating expenses	$ 64,811	$ 77,080

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