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ACTIV FINANCIAL SYSTEMS, INC.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ACTIV Financial Systems, Inc.:

We have audited the accompanying financial statements of ACTIV Financial Systems, Inc. (an Illinois corporation), which comprise the balance sheet as of December 31, 2012 and 2011, and the related statements of changes in stockholders' equity, operations and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
ACTIV Financial Systems, Inc.:
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACTIV Financial Systems, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dugan & Lopatka

DUGAN & LOPATKA

Wheaton, Illinois
March 7, 2013

ACTIV FINANCIAL SYSTEMS, INC.
BALANCE SHEET
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,102,859	$ 3,028,334
Accounts receivable, net of allowance of $250,000 and $150,000 for 2012 and 2011, respectively	2,685,404	5,266,041
Investments	179,434	219,149
Inventory	173,291	132,964
Refundable income taxes	15,746	34,643
Prepaid expenses	184,596	225,516
Deferred income taxes	440,000	1,679,000
Deposits	184,877	175,952
Total current assets	6,966,207	10,761,599
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	1,097,876	1,105,313
Hardware and equipment	4,266,206	5,355,277
Customer equipment	4,558,770	3,818,954
Software	165,395	115,177
Leasehold improvements	544,079	527,018
	10,632,326	10,921,739
Less - Accumulated depreciation	(6,679,977)	(6,128,133)
Net property and equipment	3,952,349	4,793,606
OTHER ASSETS:		
Deposits	580,225	557,683
Intangibles (net of accumulated amortization)	165,196	362,970
Deferred income taxes	1,906,000	-
Total other assets	2,651,421	920,653
	$ 13,569,977	$ 16,475,858

The accompanying notes are an integral part of this statement.

Director

EXHIBIT 1

LIABILITIES AND STOCKHOLDERS' EQUITY

	2012	2011
CURRENT LIABILITIES:		
Notes payable -		
Notes payable	$ 442,382	$ 923,074
Capital leases	211,454	600,548
Accounts payable	2,707,728	2,127,426
Accrued expenses	906,717	1,053,194
Deferred revenue	635,451	185,471
Deferred rent	25,157	57,850
Customer deposits	1,439,393	1,305,498
Total current liabilities	6,368,282	6,253,061
LONG-TERM LIABILITIES:		
Deferred income taxes	-	558,000
Deferred revenue, net of current amounts	551,222	354,074
Deferred rent, net of current amounts	118,635	110,878
Notes payable, net of current maturities	411,238	859,041
Capital leases, net of current maturities	-	211,454
Total long-term liabilities	1,081,095	2,093,447
Total liabilities	7,449,377	8,346,508
STOCKHOLDERS' EQUITY:		
Preferred stock (liquidation at lesser of original offering price plus unpaid dividends plus 18% annual incremental increase or 2.5 times the original offering price plus unpaid dividends)	302	302
Common stock	1,058	1,058
Additional paid-in capital	28,730,096	28,683,676
Deferred compensation expense for stock options	(43,841)	-
Retained earnings (deficit)	(22,567,015)	(20,555,686)
Total stockholders' equity	6,120,600	8,129,350
	$ 13,569,977	$ 16,475,858

Director

EXHIBIT 2

ACTIV FINANCIAL SYSTEMS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Common Stock	Preferred Stock	Additional Paid-In Capital	Deferred Compensation Cost	Retained Earnings (Deficit)	Total
Balance at January 1, 2011	$ 1,041	$ 302	$ 27,233,647	$ -	$ (19,227,332)	$ 8,007,658
Issued common stock	17	-	1,450,029	-	-	1,450,046
Net loss	-	-	-	-	(1,328,354)	(1,328,354)
Balance at December 31, 2011	1,058	302	28,683,676	-	(20,555,686)	8,129,350
Deferred stock-based compensation	-	-	46,420	(43,841)	-	2,579
Net loss	-	-	-	-	(2,011,329)	(2,011,329)
Balance at December 31, 2012	$ 1,058	$ 302	$ 28,730,096	$ (43,841)	$ (22,567,015)	$ 6,120,600

The accompanying notes are an integral part of this statement.

EXHIBIT 3

ACTIV FINANCIAL SYSTEMS, INC.
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
LICENSE, DATA FEED AND OTHER REVENUES	$ 42,370,184	$ 42,908,954
COST OF DATA ACCESS AND EQUIPMENT	19,840,979	20,174,017
GROSS MARGIN	22,529,205	22,734,937
OPERATING EXPENSES:		
Selling and marketing	2,883,036	2,981,330
Salaries and benefits	15,466,506	14,656,310
Rent, utilities and telephone	2,282,178	2,328,161
Other general and administrative	1,413,141	1,215,891
Depreciation	3,588,001	3,600,881
Total operating expenses	25,632,862	24,782,573
Loss from operations	(3,103,657)	(2,047,636)
OTHER INCOME (EXPENSE):		
Interest income	4,334	3,673
Interest expense	(111,238)	(156,446)
Net other expense	(106,904)	(152,773)
LOSS BEFORE INCOME TAXES	(3,210,561)	(2,200,409)
INCOME TAX BENEFIT	(1,199,232)	(872,055)
NET LOSS	$ (2,011,329)	$ (1,328,354)

The accompanying notes are an integral part of this statement.

EXHIBIT 4

ACTIV FINANCIAL SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,011,329)	$ (1,328,354)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	3,390,227	3,403,110
Amortization expense	197,774	197,771
Stock based commission	2,579	-
Deferred income taxes	(1,225,000)	(907,000)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	2,580,637	(1,183,553)
(Increase) in inventory	(40,327)	(132,964)
Decrease in refundable income taxes	18,897	910,408
(Increase) decrease in prepaid expenses	40,920	(5,166)
(Increase) in deposits	(31,467)	(65,522)
Increase in accounts payable	580,302	303,638
Increase (decrease) in accrued expenses	(146,477)	150,568
Increase in deferred revenue	647,128	632,275
Increase (decrease) in deferred rent	(24,936)	168,728
Increase in customer deposits	133,895	112,967
Net cash provided by operating activities	4,112,823	2,256,906
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale (purchase) of certificate of deposit	39,715	(977)
Purchases of intangible assets	-	(6,885)
Purchases of property and equipment	(2,548,970)	(1,914,571)
Net cash (used in) investing activities	(2,509,255)	(1,922,433)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit (repayment)	-	(368,515)
Notes payable - Borrowings	-	1,250,000
- Payments	(928,495)	(1,056,459)
Capital leases, payments	(600,548)	(699,484)
Issuance of common stock	-	1,450,046
Net cash provided by (used in) financing activities	(1,529,043)	575,588
NET CHANGE IN CASH AND CASH EQUIVALENTS	74,525	910,061
CASH AND CASH EQUIVALENTS, Beginning of the year	3,028,334	2,118,273
CASH AND CASH EQUIVALENTS, End of the year	$ 3,102,859	$ 3,028,334
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 111,238	$ 156,446
Cash (received) paid for income taxes	$ 6,871	$ (875,463)

The accompanying notes are an integral part of this statement.

ACTIV FINANCIAL SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACTIV Financial Systems, Inc. (the Company) provides financial information services, content and technology to the global capital markets industry. The Company was incorporated in 2002 and has offices in Chicago, Illinois; Wheaton, Illinois; New York, New York; Secaucus, New Jersey; Cambridge and London, UK; Tokyo, Japan; and data centers in Chicago, Illinois; New York, NY; Secuacus, NJ; Toronto, Canada; Tokyo, Japan; Singapore, Hong Kong; Frankfurt, Germany and London, UK.

The financial statements were available to be issued on March 7, 2013, with subsequent events being evaluated through this date.

Cash and Cash Equivalents -

The Company considers all highly liquid instruments with an original maturity of three months or less as cash equivalents.

Investments -

The Company's investments consist of certificates of deposit.

Accounts Receivable -

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Management considers accounts receivable delinquent when payment has not met specific contractual terms, which primarily are net 30 days. The Company does not accrue interest on any of its accounts receivable.

Inventory -

Inventories are stated at the lower of cost or market value with cost determined using primarily the average cost method. Inventories consist of printed circuit boards and other equipment sold only to the clients that purchase their services. Shipping and handling costs are recognized upon shipment of inventories and are included in cost of goods sold in the statement of operations.

Foreign Currencies -

The Company has a sales office in London, UK and Tokyo, Japan. The statement of operations includes total foreign sales of approximately $7,100,000 for 2012 and 2011.

Transactions in foreign currencies are translated at the exchange ruling at the date of the transaction. Aggregate foreign currency transaction gains or losses are included in net income.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment -

The Company follows the practice of capitalizing all expenditures for fixed assets in excess of \$1,000. Depreciation is provided over the estimated useful life of the assets ranging from 3 to 10 years using the straight-line method.

Intangible Assets -

Intangible assets subject to amortization include printed circuit board prototype costs. Prototype costs are being amortized on a straight-line basis over three years. Intangible assets are also reviewed for impairment when events or changes in circumstances indicate that the carrying value of the intangible assets might not be fully recoverable. Recoverability is determined based on an estimate of the expected future undiscounted cash flows of the intangible assets.

Advertising -

The Company expenses advertising expenses as they are incurred. Advertising expense for the years ended December 31, 2012 and 2011 was \$-0- and \$1,668, respectively.

Revenue Recognition -

The Company recognizes contract revenues and obligations only when earned or incurred. The Company enters into license contracts with its customers over various periods, the most common of which is twelve months. The Company receives the first and last months' licensing fees in advance, which it records as a customer deposit liability until the amounts are earned.

In April, 2005, the Company entered into a five-year revenue sharing agreement with an unrelated party. The agreement has an automatic renewal option for another two years. Under the agreement, the Company has granted rights to sell ACTIV products in Canada and elsewhere under certain revenue sharing and other terms and conditions.

The Company has equipment purchased and installed at its client's locations to support the delivery of ACTIV's services. Title and ownership of the hardware reside with ACTIV. At the end of the use period of 12 to 36 months, the hardware is returned to ACTIV. The infrastructure cost is a pass-through to its clients who are required to pay these costs upon established terms which may or may not be the same as the use period. The purchase cost of the hardware is capitalized and depreciated over a three-year term. The revenue is recognized over the client's use period. As of December 31, 2012 and 2011, \$1,186,673 and \$539,545, respectively, of receipts related to customer equipment were recorded as deferred revenue.

Presentation of Sales Taxes -

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Preferred Stock - (Continued)

For 2012 and 2011, the conversion ratio is 1:1 for an initial offering price equal to the conversion price of $83.84.

Preferred shares are automatically converted into common shares at the applicable conversion price immediately upon occurrence of the closing of a qualified public offering of common shares or upon written consent of holders of more than 50% of the outstanding shares of preferred shares.

The Board of Directors of the Company is authorized to issue Preferred Stock from time to time in one or more classes or series thereof, each such class or series to have such voting powers (if any), conversion rights (if any), designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof as shall be determined by the Board of Directors and stated and expressed in a resolution or resolutions thereof providing for the issuance of such Preferred Stock. There was no issuance or conversion of preferred stock during the years ended December 31, 2012 and 2011.

Stock Options -

The Company accounts for employee and non-employee stock options under the fair value method of accounting using a Black-Scholes valuation model to measure the stock option expense at the date of grant. Compensation cost associated with employee stock options is recognized over the service period beginning on the grant date. Compensation cost for performance based stock options are accrued if it is probable that the performance condition will be achieved. The expense associated with non-employee stock options is recognized at the grant date.

(2) INTANGIBLES:

Intangible assets consist of the following:

	2012	2011
Printed circuit board prototype	$ 593,321	$ 593,321
Less - Accumulated amortization	(428,125)	(230,351)
	$ 165,196	$ 362,970

Total amortization expense amounted to $197,774 and $197,771 in 2012 and 2011, respectively. Intangible assets are being amortized over their estimated useful lives. Estimated future amortization expense is as follows:

Year ending December 31,	
2013	$ 165,196

Hosting and Network Commitments -

The Company has entered into various agreements with data content and communication providers which range in length from 12 to 36 months. Based on contracts at December 31, 2012, the estimated future contractual commitments are approximately $11,100,000 per year.

(3) COMMITMENTS:

Operating Leases -

The Company leases office space with various unrelated parties. The operating leases expire at various dates through 2019. Under the lease agreements, the Company is responsible for its share of real estate taxes, insurance, and maintenance costs for the buildings.

During the years ended December 31, 2012 and 2011, the Company entered into certain lease agreements that provide for free periods of rent. The Company records rent on a straight-line basis, which does not necessarily equal the amount of rent payments made to the lessor. As a result, the Company has accrued $143,792 and $168,728 for 2012 and 2011, respectively, representing rent expense in excess of rent payments made.

Total rent expense for the years ended December 31, 2012 and 2011 was $1,935,182 and $1,974,517, respectively. Minimum lease payments are as follows:

Year ending December 31,	
2013	$ 1,721,432
2014	1,608,035
2015	1,440,328
2016	942,593
2017	864,001
Thereafter	727,403

Capital Leases -

The Company has acquired equipment under capital leases which requires $54,000 aggregate monthly payments over 24 to 36 months. The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2012:

Year ending December 31,	
2013	$ 226,814
Total minimum lease payments	226,814
Less - Amount representing interest	(15,360)
Present value of net minimum lease payments	$ 211,454

The leased equipment, included in property and equipment had a net book value of approximately $211,454 and $812,002 at December 31, 2012 and 2011, respectively.

(4) NOTES PAYABLE:

	2012	2011
Notes payable to bank:		
Payable in monthly installments of principal and interest of $30,602, due in February, 2012, bearing interest at 4.5%, and secured by equipment.	$ -	$ 60,926
Payable in monthly installments of principal and interest of $45,558, due in February, 2013, bearing interest at 4.5%, and secured by equipment.	90,350	614,704
Payable in monthly installments of principal and interest of $32,264, due in January, 2015, bearing interest at 4.5%, and secured by equipment.	763,270	1,106,485
	853,620	1,782,115
Less - Current maturities	(442,382)	(923,074)
	$ 411,238	$ 859,041

The future payments under notes payable as of December 31, 2012:

2013	$ 442,382
2014	368,404
2015	42,834
	$ 853,620

The Company must maintain compliance with certain financial and nonfinancial covenants, as defined in the notes agreements. At December 31, 2012 and 2011, the Company was in compliance with the covenants.

(5) LETTERS OF CREDIT:

The Company has guaranteed two separate letters of credit totaling $169,960 and $209,855, respectively, outstanding at December 31, 2012 and 2011 with certificates of deposit in the same amount deposited at a bank. The letters of credit are issued to the Company's Wheaton and New York landlords and are renewed annually. The certificates of deposit are classified as a current investment.

(6) OTHER COMMITMENTS:

During 2009, the Company entered into a five-year agreement with a three-year renewal option to provide fully managed market data services for one client. The services will be provided in three phases which are broken down by use. Each phase is implemented by separate service orders executed by both parties. Fixed annual fees for the three phases are summarized below:

Phase I – Low Latency Service	$ 516,000
Phase II – Internet Streaming	2,177,000
Phase III – Snap Services	1,131,000

All other fees incurred by the Company for provision of these services such as bandwidth, hardware, hosting etc. will be billed separately. Fees also exclude software customization that is to be paid on a time and material basis. As of December 31, 2011 all three phases were completed.

(7) INCOME TAXES:

The provision (benefit) for income taxes for the years ended December 31, 2012 and 2011 is summarized as follows:

	2012	2011
Current:		
Federal	$ -	$ 33,967
State and city	25,768	978
Foreign	-	-
Deferred:		
Federal	(896,200)	(838,700)
State	(328,800)	(68,300)
	$ (1,199,232)	$ (872,055)

A reconciliation of the provision for income taxes to the U.S. federal income tax rate of 34% is as follows:

	2012	2011
Income benefit at statutory rate	$ (1,091,591)	$ (748,139)
State, city and foreign income tax expense (benefit), net of federal tax effect	(130,439)	(139,279)
Nondeductible expenses and other	22,797	15,363
	$ (1,199,232)	$ (872,055)

(7) INCOME TAXES: (Continued)

Deferred tax assets (liabilities) are comprised of the following at December 31, 2012 and 2011:

	2012	2011
Current:		
Net operating loss carryforwards	$ -	$ 1,493,000
Allowance for doubtful accounts	100,000	40,000
Accrued expenses	340,000	146,000
	440,000	1,679,000
Long term:		
Net operating loss carryforwards	1,806,000	-
Accumulated depreciation	(43,000)	(700,000)
Deferred compensation - stock options	143,000	142,000
	1,906,000	(558,000)
	$ 2,346,000	$ 1,121,000

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to using the cash basis of accounting for income tax purposes (in prior years), depreciation, deferred tax deductibility for stock options expense, and the allowance for doubtful accounts.

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes.

The Company has approximately $4,213,000 of federal net operating loss carryforwards available to offset future taxable income. The carryforwards expire in 2030-2033. The Company also has various state net operating loss carryforwards available to offset future taxable income totaling approximately $6,316,000. The majority of net operating losses are in Illinois and cannot be used until 2014 and expire in 2034.

(8) EMPLOYEE BENEFITS:

The Company participates in a 401(k) retirement plan covering full-time employees meeting a one-year waiting period. During the years ended December 31, 2012 and 2011, there were no matching contributions from the Company.

(9) CONCENTRATIONS:

Credit Risk -

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits.

(9) CONCENTRATIONS: (Continued)

Customers and Vendors -

As of December 31, 2012 and 2011, a total of 20% and 18%, respectively, of sales revenue was from one customer. Accounts receivable balance for the customer was 22% and 29%, respectively, of total trade receivables.

A total of 20% and 11% of the data access and exchange fees were purchased from one vender in 2012 and 2011, respectively. Accounts payable for the one vendor totaled to 15% and 16% of total trade payables at December 31, 2012 and 2011, respectively.

(10) EMPLOYEE STOCK OPTIONS:

The Company has a Nonqualified Stock Option Plan (the Plan) which was implemented by the Board in May, 2004. The options under the Plan may be granted to employees based on the performance of the Company and employee performance against certain targets. The targets have to be met before the options are granted. The Company believes that such awards better align the interests of its employees with those of its shareholders. Option awards are generally granted with an exercise price equal to the estimated fair value of the Company's stock at the date of grant; those option awards generally vest based on two years of continuous service and have 10-year contractual terms.

The Company was required to adopt the provisions of Accounting Standards Codification (ASC) topic 718, *Share-Based Payment* effective January 1, 2006. The Company accounts for stock option awards using the fair value method. Prior to 2006, the Company used the fair value method permitted by ASC, *Accounting for Stock-Based Compensation* to account for stock options granted to employees. The Company had elected the disclosure-only provisions and, accordingly, did not recognize compensation expense for stock option grants prior to 2006.

The provisions of ASC-*Share-Based Payment* are applicable to stock options awarded by the Company beginning in 2006. Under ASC-*Share-Based Payment*, the Company is required to recognize compensation expense for options granted in 2006 and thereafter. The Company used the modified prospective application transition method in adoption of ASC-*Share-Based Payment*. Under this transition method, the Company was also required to recognize compensation expense for the portion of awards granted before 2006 for which the requisite service had not been rendered. All awards granted before 2006 were fully vested, therefore, no compensation expense needs to be recognized for awards granted prior to 2006.

The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Management estimates the expected volatility of its share price using the volatility index for a publicly traded company in the same industry. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield in effect at the time of grant.

(10) EMPLOYEE STOCK OPTIONS: (Continued)

Using the Black-Scholes option pricing model, management has determined that the options issued in 2007 have a calculated value of $11.89 per share. There were no employee stock options issued in the period 2008 to 2012. Total compensation cost associated with these options is $65,395 and was recognized over the two-year service period that began on the grant date and ended in 2009.

Assumptions used in the Black-Scholes model are as follows:

Expected volatility	38%
Expected term (in years)	10
Risk-free rate	5.13%
Weighted average calculated value of option granted	$11.89

During the year ended December 31, 2012, the Company granted $1,000 stock options with estimated fair value of $46.42 per share based on the Black-Scholes option pricing model. Compensation cost recognized in 2012 was $2,579.

Assumptions used in the Black-Scholes model are as follows:

Expected volatility	40%
Expected term (in years)	5
Risk-free rate	0.76%
Weighted average calculated value of option granted	$46.41

A summary of option activity under the Plan as of December 31, 2012 and 2011, and changes during the years then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2011	33,000	$ 12	4
Granted	-	-	-
Exercised	-	-	-
Forfeited or expired	-	-	-
Outstanding at January 1, 2012	33,000	12	4
Granted	1,000	130	5
Exercised	-	-	-
Forfeited or expired	-	-	-
Outstanding at December 31, 2012	34,000	$ 15	3
Exercisable at December 31, 2012	33,000	$ 12	3

As of December 31, 2012 and 2011, 33,000 employee stock options were vested and exercisable.

As of December 31, 2012, the unrecognized compensation cost related to nonvested share-based compensation totaled $43,841 that will be recognized in 2013 and 2014.

(11) NON-EMPLOYEE STOCK OPTIONS:

The Company has an agreement to grant stock options to an unrelated party based on performance against certain targets. The targets have to be met before the options are granted. Option awards are generally granted with an exercise price equal to the fair value of the Company's stock at the date of grant. The stock option awards are exercisable two years after the grant date for a period of five years.

The Company applies ASC, *Accounting for Stock Based Compensation and Accounting for Equity Instruments that are Issued to Other Than Employees* and related interpretations in accounting for its non-employee stock options.

The Company accounts for stock options granted to non-employees using the fair value of the stock options. The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Management estimates the expected volatility of its share price using the volatility index for a publicly-traded company in the same industry. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield in effect at the time of grant.

Using the Black-Scholes option pricing model, management has determined that the options issued in 2008 have a calculated value of $15.96 per share. Total commission expense associated with these options of $319,180 recognized during the year ended December 31, 2008.

Assumptions used in Black-Scholes model are as follows:

Expected volatility	47.41%
Expected term (in years)	7
Risk-free rate	1.62%
Weighted average calculated value of option granted	$15.96

A summary of option activity under the Plan as of December 31, 2012, and changes during the year then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2011	20,000	$ 31.84	4
Granted	-	-	-
Exercised	-	-	-
Forfeited or expired	-	-	-
Outstanding at January 1, 2012	20,000	31.84	3
Granted	-	-	-
Exercised	-	-	-
Forfeited or expired	-	-	-
Outstanding at December 31, 2012	20,000	$ 31.84	3
Exercisable at December 31, 2012	20,000	$ 31.84	3

(11) NON-EMPLOYEE STOCK OPTIONS: (Continued)

All non-employee stock options outstanding at December 31, 2012 and 2011 were vested.

(12) PERFORMANCE BASED STOCK OPTIONS:

At December 31, 2012 and 2011, the number of common shares which could be granted to employees is 20,300, based upon each employee meeting certain sales targets between the years 2013 and 2015.