

issued and outstanding, all of which were legally and validly issued and fully paid and non-assessable by Palmetto.

(c.) On or before January 31, 1961, Palmetto shall deliver to Professional financial statements of Palmetto for the fiscal years ended December 31, 1958, to 1960, inclusive, certified by a certified public accountant, and an interim financial statement of Palmetto, prepared by Palmetto, and unaudited but certified by the Treasurer of Palmetto, for such interim period. Such financial statements shall include balance sheets at the end of each applicable period and related statements of income and surplus for such period. Such financial statements shall be prepared in accordance with sound accounting practice consistently maintained and, together with the notes and comments contained therein, shall be correct and complete and fairly present the financial condition of Palmetto at the respective balance sheet dates and the results of its operations for the respective periods covered thereby. On January 31, 1961, Palmetto did not have any material amount of liabilities, contingent or otherwise, not reflected in such balance sheet dated January 31, 1961.

(d.) Palmetto has filed all federal, state and other government tax returns which are required to be filed and has paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or to assessments received. No claims or additional assessments have been made or asserted by the federal government or by any state for federal or other income taxes or franchise taxes, except such as have been paid or are covered by adequate tax reserves reflected in such balance sheet dated January 31, 1961, and there is no basis for any such claim or additional assessment.

(e.) There are no judicial or administrative proceedings pending or threatened against Palmetto which involve the possibility of any judgment or liability not fully covered by insurance or which will materially adversely affect the property, business, or condition, financial or otherwise, of Palmetto, and no judgment, decree, or order of any court, board or other governmental or administrative agency has been issued with respect to Palmetto which has or will have any material adverse effect on the business or assets or on the condition, financial or otherwise, of Palmetto.

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