

Around the Clock Partners, LP

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Limited Partners
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Re: 1st Quarter 2006 Results

Dear Partners,

I want to first apologize for the delay in sending out the quarterly statements. Our first quarter statements usually run a few weeks behind due to the end of year tax return and K-1s. I also want to thank our CPA, Annie Bailey, for completing the quarterly statements one day before delivering her baby.

Now for the statements, please do not panic when you see a return of -19%. The fund did not do that poorly. There are several factors which I will explain below, but the net return for the quarter was -2.79%. This is still not good when compared to the Dow Jones Industrial Average's return of 3.66%, and the NASDAQ's return of 6.10%. The comparison returns are seen on your Partner Performance sheet. At the time that your statements are being sent, the Dow Jones is still hanging on to a gain of roughly 2% for the year while the NASDAQ is basically flat. To date, our fund is up approximately 2% for the year. This does not take into effect the pricing for the PIPEs we have completed which I will explain below.

Over the past few years, I have purchased stock in companies through transactions titled PIPEs. The acronym PIPE stands for **Private Investment in a Public Equity**. In the simplest terms, PIPEs are done to allow investors to purchase larger blocks of stock at a discount. These are usually conducted with small and micro-cap companies that are in need of cash. This isn't to say the companies are in financial trouble, but it is much easier for the companies to use their stock as a means of capital as compared to traditional banking opportunities. Why are these good to do, and are they worth the risk? First, we only do PIPEs with companies that we feel have a bright future, sound management, clean balance sheets, and are up to date on all SEC filings. By participating in PIPE transactions, it affords us an opportunity to purchase blocks, 100,000 shares plus, of stock in a one-time investment. For us to accumulate such a large number of shares in many of the micro-cap companies could take 2-3 months. We are also buying the stock at a 20-30% discount to market prices.

What are the drawbacks? The biggest negative to purchasing stock via PIPEs is the registration process. Once we purchase the stock, we must now rely on the company to register our shares with the Securities and Exchange Commission so that they may be sold at a later date. This is what brought our return down during the 1st quarter. To take a conservative accounting approach, our accounting firm asked that we assign no value to several PIPEs we had completed in the past and reduce the value on 2 others. While not happy at first, it is the right thing to do.

I expect all of these issues to resolve themselves during the 3rd and 4th quarters of this year. Two PIPEs we completed recently will be registered within the next month and should be effective by the end of the 3rd quarter. Once all PIPEs have been deemed effective by the SEC, our mark at the end of each quarter will be the closer to the actual closing price of the stock. We have always used a conservative approach in our mark each quarter for stock accumulated through PIPEs. It is the recent PIPEs which we are giving a value of \$0.00 that were the biggest drawbacks this quarter.

The fund currently holds 3 large positions at this time with 10-15 trading positions. Our larger core positions are held anywhere from 6 months to 3 years, or until there is a fundamental change in the company. Our 3 core positions at this time are in Nyer Medical Group, Inc., American Access Technologies, and Who's Your Daddy, Inc. I will give you a brief synopsis of the business plan of each and give you my thoughts on why I see these companies as bright investment selections.

American Access Technologies trades under the symbol AATK. The company manufactures patented zone cabling and wireless enclosures that mount in ceilings, raised floors, and in custom furniture, for routing of telecommunications cabling, fiber optics and wireless solutions to the office desktop. The Company's concept of "zone cabling" reduces costs for initial network installation and facilitates moves, adds, changes and upgrades for the network installations of today and tomorrow. Its Omega Metals division manufactures its proprietary products, and also provides state-of-the-art metal fabrication and finishing techniques to public and private companies and U.S. government contractors. We have been supporters of AATK for 3 years, but our patience is growing very thin. Although they have an outstanding idea in their zone cabling products, the sales are certainly lagging in this arena. Recent managerial changes may be what the company has needed for years. We will give them another quarter or two to try and better these results.

Nyer Medical Group, Inc. trades under the symbol NYER. Nyer is a holding company that through its subsidiaries operates pharmacies in the greater Boston area (Eaton Apothecary) and a medical products distribution business (ADCO Surgical Supply) that distributes and markets medical equipment and supply products to hospitals, physicians and nursing homes using relationship-based telemarketing, direct sales personnel, catalogs and the Internet. It is the pharmacy subsidiary that we find very attractive in Nyer. With an aging population, the launch of the Medicare Prescription Plan, and as "baby boomers" reach age 65, I think pharmacies/drug stores are a key sector for investment. In our opinion, management should dispose itself of the medical distribution business. The company currently trades at a minuscule \$10 million market capitalization while sales of the combined subsidiaries are north of \$65 million. Past mistakes by previous management i.e. failed business ventures, the issuance of Preferred voting shares to prevent any takeover threats, and poor shareholder communication are just a few of the reasons this stock has failed to move higher with the general markets. We expect many of these issues to be resolved by year end. Even with these issues at hand, the company has been able to announce record revenues and record prescriptions filled. In the end, I feel that consistent returns out of the company will attract value funds and institutions. I have enclosed the company's latest quarterly return for you to read at your pleasure. I have also enclosed a recent SEC filing announcing our fund's stake in Nyer Medical Group, Inc.

The poor performance of both Nyer Medical Group, Inc. and American Access Technologies was partly responsible for the negative return during the 1st quarter. As long as we feel the fundamentals remain positive, we will continue to hold these positions and add on dips. If we ever get the feeling that "the fundamentals have changed for the worse" we will be the first to reduce our position in both companies.

The last of our core positions is one company many investors have not heard of. The company is **Who's Your Daddy, Inc.**, which trades under the symbol WYDY. Who's Your Daddy, Inc. is a publicly traded company that exclusively manufactures, promotes and sells the "King of Energy(TM)" drink. The Company holds multiple trademark rights to the name "Who's Your Daddy" and designs and licenses more than 300 products in the U.S. and Europe, and is

expanding within the global community. We own this company for one reason and one reason only, the Energy drink. I have had the pleasure to meet with management on several occasions and I am very amazed at what this young CEO has accomplished in such a short timeframe. The company had sales of \$87,000 in 2005 and I am looking for sales north of \$8 million in 2006. If all goes as planned, sales could easily reach \$25 million plus in 2007, and I am being very conservative. One of their major competitors, Hansen Natural (symbol HANS) saw their sales grow from \$30 million to \$300 million inside of 18 months. Who's Your Daddy's energy drink is gaining traction in the market place, as is evidenced by the number of Anheuser-Busch distributors that have signed up lately.

We have completed 5 PIPEs with these companies over the past 2 years. The change in how these deals are accounted for at the end of each quarter is mainly what artificially lowered our 1st quarter return along with the depreciation in the stocks of Nyer Medical and American Access. I expect the stock depreciation to reverse course over the next few months as the quarterly reports are released. We are also expecting further corporate changes at Nyer Medical, which should turn around the action in this stock.

I have also enclosed a copy of a recent article out of the *St Petersburg Times* that ran this past weekend targeting Hedge Funds. While I do agree that the lack of regulation lends itself to fraud and abuse there are usually warning signs to watch for. A common factor I have seen with failing hedge funds is the lack of communication with investors. I try to be as transparent as possible with all partners and communicate at least once a quarter. Many hedge funds now have gone to annual statements so they are not subjected to the stress of having to perform well quarter after quarter. As for hedge funds being illiquid investments, our fund attempts to maintain a certain percentage of liquidity at all times. This is not only for our partners, but also to invest when opportunities arise.

As for the remainder of this year, how do I think the markets will do and more importantly our fund? It is hard to even guess what the markets will do, but to play it safe I think we will remain range bound. The markets are trading very tired currently and seem to want to give back some of their gains. I have been surprised that with oil and gas prices remaining high, tension in Iran, inflationary pressures, and rising interest rates, the markets have been able to hold as well as they have been. One positive factor that could ignite these markets again is a word from the Fed that they are finished raising rates. Will we get this soon? I feel that we should, and I certainly hope we do not suffer through the same mistakes we did in the past. The last round of interest hikes ended with a 50 basis point hike by Alan Greenspan which sent our markets into a tailspin for months. With the cooling housing market and a drop in the GDP, I think we may have one more interest rate hike on the horizon at most.

As for our fund, I see our return for 2006 very similar to 2005. I am expecting a return of 18-22% for the year. As I stated earlier, I think our best returns will come in the 3rd and 4th quarters when we will be able to mark all positions closer to their market prices. Even so, my day-to-day and short term trading has been very successful which helps to make up for small losses in our core positions.

Please feel free to contact me if you have any questions on what was presented in this letter. I am always available to speak at your convenience.

Sincerely,

Wayne Anderson
As Managing Member
Around the Clock Trading and Capital Management, LLC

