

Exhibit A

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ABBOTT'S FROZEN CUSTARD, INC.
BALANCE SHEET
As of 03/18/2006

2006
ACTUALS
All Sub Accounts

ASSETS		
CURRENT ASSETS:		
CASH	\$	18,846.71
ACCOUNTS RECEIVABLE - TRADE		129,490.75
INVENTORY - SUPPLIES		200,289.21
EQUIPMENT INVENTORY		34,547.20
FEDERAL INCOME TAX REF RECEIV		(784.00)
TOTAL CURRENT ASSETS		\$ 382,389.87
FIXED ASSETS:		
EQUIPMENT & FURNITURE	\$	361,134.21
LEASEHOLD IMPROVEMENTS		424,894.39
ACCUMULATED DEPRECIATION		(390,406.60)
FIXED ASSETS - NET		\$ 395,622.00
OTHER ASSETS:		
N/R - GAIL DREW	\$	16,870.16
N/R - EMPLOYEES		(300.00)
PREPAID INSURANCE		34,572.28
SECURITY DEPOSITS - FERRY/WARE		2,776.00
OTHER ASSETS		\$ 53,918.44
TOTAL ASSETS		\$ 831,930.31

ABBOTT'S FROZEN CUSTARD, INC.

BALANCE SHEET

As of 03/16/2006

2006

ACTUALS

All Sub Accounts

LIABILITIES & EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	\$	92,261.49	
RECEIVINGS ACCRUAL		1,850.53	
SALES TAX PAYABLE		3,202.11	
DUE TO FRANCHISEE		55,000.00	
ACCRUED FEDERAL INCOME TAX		(1,200.00)	
ACCRUED NYS FRANCHISE TAX		479.00	
N/P - HSBC BANK #2750000		107,741.58	
N/P - CHASE (CP) #3485 \$100K		20,000.00	
N/P - CHASE (CP) #6646 \$35K		20,964.49	
N/P - CHASE (CP) #5797 \$75K		15,000.00	
N/P - GMAC (CP) #024903728341		4,730.58	
GIFT CHECKS SOLD & OUTSTANDING		5,774.96	

TOTAL CURRENT LIABILITIES	\$		325,810.74

LONG-TERM LIABILITIES:

N/P - CRASE (LT) #3485 \$100K	\$	43,333.48	
N/P - CHASE (LT) #5797 \$75K		22,500.00	
N/P - GMAC (LT) #024903728341		10,726.46	

TOTAL LONG-TERM LIABILITIES	\$		76,559.94

TOTAL LIABILITIES	\$		402,370.68
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OWNERS EQUITY:

COMMON STOCK	\$	13,000.00	
ADDITIONAL PAID IN CAPITAL		2,000.00	
CURRENT PROFIT (LOSS)	\$	(148,889.38)	
RETAINED EARNINGS		563,449.01	

TOTAL OWNERS EQUITY	\$		429,559.63

TOTAL LIABILITIES & EQUITY	\$		831,930.31

ABBOTT'S FROZEN CUSTARD, INC.
 PROFIT & LOSS STATEMENT

Period: 02/19/2006 to 03/18/2006

	2006 CURRENT PERIOD		2006 YEAR-TO-DATE		2005 CURRENT PERIOD		2005 YEAR-TO-DATE	
	ACTUALS		ACTUALS		COMPARATIVES		COMPARATIVES	
	All Sub Accounts		All Sub Accounts		All Sub Accounts		All Sub Accounts	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
GROSS SALES:								
RETAIL SALES	\$ 172.89	.26	\$ 26,515.80	7.52	\$ 17,222.11	31.16	\$ 45,724.59	19.09
WHOLESALE SALES	27,321.17	41.07	84,207.12	23.90	26,922.73	48.70	89,723.38	37.46
FRANCHISE FEES	(2,000.00)	3.01-	5,666.66	1.61	0.00	.00	14,500.00	6.05
ROYALTIES	2,974.40	4.47	24,137.56	6.85	11,258.46	20.37	35,794.30	14.94
EQUIPMENT - NET OF RETURNS	37,800.00	56.82	211,886.97	60.13	0.00	.00	54,148.32	22.60
ADVERTISING FEES	263.69	.40	2,442.44	.69	622.81	1.13	2,453.14	1.02
	-----		-----		-----		-----	
GROSS SALES	\$ 66,532.15	100.01	\$ 354,858.55	100.71	\$ 56,026.11	101.35	\$ 242,343.73	101.17
	-----		-----		-----		-----	
DISCOUNTS:								
COUPONS - RETAIL	\$ (8.00)	.01-	\$ (2,488.47)	.71-	\$ (748.68)	1.35-	\$ (2,797.58)	1.17-
	-----		-----		-----		-----	
TOTAL DISCOUNTS	\$ (8.00)	.01-	\$ (2,488.47)	.71-	\$ (748.68)	1.35-	\$ (2,797.58)	1.17-
	-----		-----		-----		-----	
NET SALES	\$ 66,524.15	100.00	\$ 352,370.08	100.00	\$ 55,277.43	100.00	\$ 239,546.15	100.00
	-----		-----		-----		-----	
COST OF GOODS SOLD:								
PURCHASES:								
RETAIL	\$ 258.76	.45	\$ 9,167.66	2.60	\$ 17,676.82	31.98	\$ 35,283.43	14.73
WHOLESALE	12,778.06	19.21	64,801.95	18.39	13,025.84	23.56	60,580.44	25.29
EQUIPMENT	6,604.17	9.93	158,537.22	44.99	1,640.18	2.97	72,370.79	30.21
	-----		-----		-----		-----	
TOTAL PURCHASES	\$ 19,680.99	29.58	\$ 232,506.83	65.98	\$ 32,342.84	58.51	\$ 168,234.66	70.23
	-----		-----		-----		-----	
PAYROLL & BENEFITS:								
PAYROLL	\$ 6,579.50	9.89	\$ 38,046.84	10.80	\$ 18,805.11	34.02	\$ 78,068.58	32.59
PAYROLL TAXES	804.70	1.21	4,050.12	1.15	2,883.37	5.22	9,549.37	3.99
HEALTH INSURANCE	(241.86)	.36-	(654.06)	.19-	3,139.26	5.68	5,533.10	2.31
	-----		-----		-----		-----	
TOTAL PAYROLL & BENEFITS	\$ 7,142.34	10.74	\$ 41,442.90	11.76	\$ 24,827.74	44.91	\$ 93,151.05	38.89
	-----		-----		-----		-----	
TOTAL COST OF GOODS SOLD	\$ 26,823.33	40.32	\$ 273,949.73	77.74	\$ 57,170.58	103.42	\$ 261,385.71	109.12
	-----		-----		-----		-----	
GROSS PROFIT	\$ 39,700.82	59.68	\$ 78,420.35	22.26	\$ (1,893.15)	3.42-	\$ (21,839.56)	9.12-
	-----		-----		-----		-----	

ABBOTT'S FROZEN CUSTARD, INC.
 PROFIT & LOSS STATEMENT

Period: 02/19/2006 to 03/18/2006

	2006 CURRENT PERIOD		2006 YEAR-TO-DATE		2005 CURRENT PERIOD		2005 YEAR-TO-DATE	
	ACTUALS		ACTUALS		COMPARATIVES		COMPARATIVES	
	All Sub Accounts		All Sub Accounts		All Sub Accounts		All Sub Accounts	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
DIRECT OPERATING:								
ADVERTISING	\$ 2,000.00	3.01	\$ 13,390.26	3.80	\$ 14,730.80	26.65	\$ 26,122.24	10.90
CASH OVER (UNDER)	2,529.65	3.80	6,713.27	1.91	1,274.69	2.31	4,798.74	2.00
DISPOSAL	28.44	.04	639.13	.18	95.68	.17	483.91	.20
EXTERMINATING	0.00	.00	43.20	.01	43.30	.08	129.90	.05
GAS & ELECTRIC	876.87	1.32	8,366.83	2.37	1,460.27	2.64	8,570.47	3.58
INSURANCE - GENERAL	0.00	.00	0.00	.00	2,315.98	4.19	11,579.90	4.83
REPAIRS - BUILDING	0.00	.00	203.04	.06	2,421.19	4.38	11,755.68	4.91
REPAIRS - EQUIPMENT	571.02	.87	1,393.79	.40	556.90	1.01	2,273.06	.95
TELEPHONE	0.00	.00	855.00	.24	0.00	.00	875.00	.37
WATER	0.00	.00	368.99	.10	80.25	.15	510.56	.21
TOTAL DIRECT OPERATING EXPENSE	\$ 6,014.99	9.04	\$ 31,973.51	9.07	\$ 22,979.06	41.57	\$ 67,099.46	28.01
ADMINISTRATIVE:								
ADVERTISING	\$ 0.00	.00	\$ 0.00	.00	\$ 4,500.00	8.14	\$ 5,056.50	2.11
AUTO & TRAVEL	0.00	.00	2,300.78	.65	0.00	.00	344.00	.14
AUTO LEASE EXPENSE	0.00	.00	2,288.00	.65	0.00	.00	2,431.00	1.01
ARCHITECT FEES	0.00	.00	0.00	.00	325.00	.57	1,549.81	.65
BANK CHARGES	0.00	.00	276.70	.08	29.00	.05	664.02	.28
COMPUTER SUPPLIES & CONSULTING	1,500.00	2.25	8,374.25	2.38	2,092.07	3.78	10,082.07	4.21
CONTRIBUTIONS	0.00	.00	750.00	.21	0.00	.00	575.00	.24
GAS & ELECTRIC	618.13	.92	1,401.73	.40	(795.23)	1.44-	473.55	.20
INSURANCE - GENERAL	(0.20)	.01-	2,476.57	.70	133.79	.24	1,322.61	.55
INTEREST EXPENSE (INCOME)	1,229.19	1.85	5,031.73	1.43	1,052.46	1.90	4,310.47	1.80
OFFICE & POSTAGE	708.39	1.06	5,154.38	1.46	1,681.03	3.04	5,971.13	2.49
PAYROLL	1,700.00	2.56	74,331.51	21.09	2,425.50	4.39	71,948.04	30.04
PAYROLL TAXES & BENEFITS	679.21	1.02	15,537.20	4.41	5,105.15	9.24	16,627.81	6.94
PAYROLL SERVICE FEES	479.81	.72	2,184.36	.62	461.07	.83	2,554.47	1.07
PROFESSIONAL FEES	0.00	.00	7,305.70	2.07	5,408.70	9.78	17,074.85	7.13
REPAIRS - BUILDING	0.00	.00	0.00	.00	2,181.45	3.95	3,896.20	1.63
TELEPHONE	1,444.51	2.17	4,791.03	1.36	1,271.77	2.30	5,160.51	2.15
TOTAL ADMINISTRATIVE EXPENSES	\$ 8,349.04	12.55	\$ 132,203.94	37.52	\$ 25,861.76	46.79	\$ 150,042.04	62.64
CONTROLLABLE INCOME	\$ 25,342.79	38.09	\$ (85,757.10)	24.34-	\$ (50,733.97)	91.78-	\$ (238,981.06)	99.76-

ABBOTT'S FROZEN CUSTARD, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED
OCTOBER 31, 2005 AND 2004

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

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GELSOMINO & COMPANY, CPA'S

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INDEPENDENT AUDITORS' REPORT

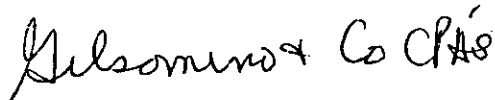
To the Stockholder of
Abbott's Frozen Custard, Inc.
Rochester, New York

We have audited the accompanying balance sheets of Abbott's Frozen Custard, Inc. (a New York Corporation) as of October 31, 2005 and 2004, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also 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 of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abbott's Frozen Custard, Inc. as of October 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Respectfully submitted,



Gelsomino & Company
Certified Public Accountants

Rochester, New York
November 15, 2005

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
BALANCE SHEETS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash	\$ 202,407	\$ 177,874
Accounts receivable	90,195	98,230
Loan receivable - employee	-	425
Income tax receivable	-	890
Installment notes receivable, current	-	11,519
Inventory	181,527	133,862
Total current assets	<u>474,129</u>	<u>422,800</u>
 Property:		
Equipment and furniture	361,134	307,613
Leasehold improvements	424,894	395,510
	786,028	703,123
Less: accumulated depreciation	(383,204)	(367,282)
Total property - net	<u>402,824</u>	<u>335,841</u>
 Other assets:		
Installment notes receivable, long-term	-	8,481
Prepaid expenses	37,348	21,029
Total other assets	<u>37,348</u>	<u>29,510</u>
 Total assets	<u>\$ 914,301</u>	<u>\$ 788,151</u>

See Notes to Financial Statements.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
BALANCE SHEETS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2005</u>	<u>2004</u>
Current liabilities:		
Accounts payable	\$ 57,147	\$ 14,376
Sales tax payable	3,400	5,264
Accrued profit sharing	20,000	-
Accrued income taxes	732	-
Gift certificates	4,720	605
Due to franchisees	59,000	7,500
Line of credit	24,325	15,000
Installment notes payable, current	39,731	39,340
Total current liabilities	<u>209,055</u>	<u>82,085</u>
Long-term liabilities:		
Installment notes payable, long-term	91,008	130,739
Due to stockholder	35,793	338
Total long-term liabilities	<u>126,801</u>	<u>131,077</u>
Total liabilities	<u>335,856</u>	<u>213,162</u>
Contingencies (Note 8)		
Stockholder's equity		
Common stock, \$100 par value, 200 shares authorized, 130 shares issued and outstanding	13,000	13,000
Paid-in-capital	2,000	2,000
Retained earnings	563,445	559,989
Total stockholder's equity	<u>578,445</u>	<u>574,989</u>
Total liabilities and stockholder's equity	<u>\$ 914,301</u>	<u>\$ 788,151</u>

See Notes to Financial Statements

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

	2005		2004	
	Amount	% of Revenues	Amount	% of Revenues
Revenues:				
Retail and wholesale operations - net of coupons in the amount of \$39,637 and \$44,633, respectively	\$ 1,886,968	76.2%	\$ 1,686,897	69.3%
Equipment and stores	214,796	8.7%	393,840	16.2%
Franchise fees	46,667	1.9%	75,333	3.1%
Royalty fee	327,888	13.2%	276,816	11.4%
Total revenues	2,476,319	100.0%	2,432,886	100.0%
Cost of revenues:				
Beginning inventory	133,862	5.4%	115,671	4.8%
Purchases - retail and wholesale	829,598	33.5%	731,862	30.1%
Purchases - equipment and stores	194,359	7.9%	378,606	15.6%
	1,157,819	46.8%	1,226,139	50.4%
Ending inventory	181,527	7.3%	133,862	5.5%
Total cost of revenues	976,292	39.4%	1,092,277	44.9%
Gross profit	1,500,027	60.6%	1,340,609	55.1%
Selling and administrative expenses	1,454,353	58.7%	1,273,479	52.3%
Income from operations	45,674	1.8%	67,130	2.8%
Other expenses (income):				
Interest expense	10,826	0.4%	10,153	0.4%
Interest (income)	-	0.0%	(1,581)	-0.1%
Sale of asset	2,344	0.1%	-	0.0%
Profit sharing expense	20,000	0.8%	20,000	0.8%
Total other expenses	33,170	1.3%	28,572	1.1%
Income before provision for income taxes	12,504	0.5%	38,558	1.7%
Provision for income taxes	9,048	0.4%	8,509	0.3%
Net income	3,456	0.1%	30,049	1.4%
Retained earnings, beginning of year	559,989		529,940	
Retained earnings, end of year	\$ 563,445		\$ 559,989	

See Notes to Financial Statements

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net income	\$ 3,456	\$ 30,049
Adjustments to reconcile net income to net cash flow from operating activities		
Depreciation and amortization	38,217	30,642
Change in:		
Accounts receivable	8,035	(37,937)
Income tax receivable	890	(890)
Inventory	(47,665)	(18,191)
Prepaid expenses	(16,319)	(5,571)
Accounts payable	42,771	(56,895)
Sales tax	(1,864)	3,046
Accrued profit sharing	20,000	(20,000)
Accrued income taxes	732	(657)
Gift Certificates	4,115	(2,340)
Due to customers	51,500	(8,500)
Accrued interest	-	-
Due to stockholder	35,455	(54,662)
Net cash flow provided by operating activities	<u>139,323</u>	<u>(141,906)</u>
Cash flows from investing activities:		
Net change in property	(105,200)	(132,339)
Net cash flow (used in) investing activities	<u>(105,200)</u>	<u>(132,339)</u>
Cash flows from financing activities:		
Net change in loan receivable - employee	425	1,250
Net change in installment notes receivable	20,000	34,366
Net change in line of credit	9,325	(15,000)
Net change in long-term borrowings	(39,340)	96,329
Net cash provided by provided by financing activities	<u>(9,590)</u>	<u>116,945</u>
Net increase (decrease) in cash	24,533	(157,300)
Cash, beginning of year	<u>177,874</u>	<u>335,174</u>
Cash, end of year	<u>\$ 202,407</u>	<u>\$ 177,874</u>

See Notes to Financial Statements.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF CASH FLOWS
(Continued)
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Supplemental disclosures:		
Interest paid	<u>\$ 10,826</u>	<u>\$ 10,153</u>
Income tax refunds received	<u>\$ 890</u>	<u>\$ -</u>

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

Note 1 **Summary of Significant Accounting Policies**

Nature of Business

The Company owns and operates several retail frozen custard stores in New York State. In addition, as a franchiser it sells the rights to outside parties to operate frozen custard stores under its name and trademark. The custard products sold by the franchises are purchased from the Company and credit is often extended, on an unsecured basis, to the franchisees for these purchases.

Method of Accounting

The Company reports on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash and cash equivalents at financial institutions, which periodically may exceed federally insured amounts.

Inventory

Inventory, which consists of supplies and condiments, is stated at the lower of cost, on an average cost basis, or market.

Accounts Receivable

The Company has receivables that arise from credit sales. Losses from uncollectible receivables are accrued when it is probable that a receivable is impaired and the amount of the loss can be reasonably estimated. As of the date of these financial statements, management believes that neither of these conditions exists with regard to receivables and, as such, an allowance for doubtful accounts has not been established.

Property

The cost of property is depreciated over the estimated useful lives of the related assets, ranging from five to forty years. The cost of improvements is depreciated over the lesser of the length of the related leases or the useful lives of the assets. Depreciation is computed using straight-line and accelerated methods. Depreciation charged to operations amount to \$38,217 and \$30,642 for the years ended October 31, 2005 and 2004, respectively.

**ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004**

Note 1 **Summary of Significant Accounting Policies - Continued**

Advertising

Advertising costs are charged to operations when incurred. Advertising expense, net of reimbursements from franchisees, amounted to \$125,058 and \$91,851 for the years ended October 31, 2005 and 2004, respectively.

Note 2 **Installment Notes Receivable**

The Company opened one franchise location and sold equipment to a number of franchisees. The terms of the installment notes are as follows:

	<u>2005</u>	<u>2004</u>
Installment note receivable, requiring monthly payments beginning May 2005 in the amount of \$1,740 per month, including interest at 7.5%. The note was paid in 2005.	\$ -	\$ 20,000
Total	-	20,000
Less: current portion	-	(11,519)
Long-term portion	<u>\$ -</u>	<u>\$ 8,481</u>

Note 3 **Line of Credit**

The Company has an available line of credit in the amount of \$35,000 as of October 31, 2005 and pays interest monthly at the rate of Prime + 3/4% per annum. The line is collateralized by substantially all of the assets of the Company and is personally guaranteed by the sole stockholder. The outstanding balance as of October 31, 2005 and 2004 was \$24,325 and \$15,000, respectively.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

Note 4 **Notes Payable**

	<u>2005</u>	<u>2004</u>
Note payable to a bank requiring monthly principal payments of \$1,250, plus interest at Prime + 3/4% and maturing in September, 2008. The note is collateralized by the related equipment.	\$ 43,750	\$ 58,750
Note payable to a bank requiring monthly principal payments of \$1,667, plus interest at Prime + 3/4% and maturing in April, 2009. The note is collateralized by the related improvements.	\$ 70,000	\$ 90,000
Note payable to a bank requiring monthly payments of principal and interest in the amount of \$501 and maturing in January, 2009. The note is collateralized by the related equipment.	\$ 16,989	\$ 21,329
	<u>\$ 130,739</u>	<u>\$ 170,079</u>
Less: current portion	(39,731)	(39,340)
	<u>\$ 91,008</u>	<u>\$ 130,739</u>

Notes payable mature as follows for the year ending October 31:

2006	\$	39,731
2007		40,156
2008		39,369
2009		11,483
		<u>\$ 130,739</u>

Note 5 **Profit-Sharing Plan**

The Company has a profit-sharing plan that covers all employees who meet certain eligibility requirements. Contributions to the plan are at the discretion of the Board of Directors. The contributions charged to operations amount to \$20,000 in each of the years ended October 31, 2005 and 2004.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

Note 6 **Commitments**

Operating Leases

The Company leases its corporate-owned locations under operating leases expiring through October 2018. Minimum future rental payments under non-cancelable operating leases as of October 31, 2005, for each of the next five years and in the aggregate are:

Operating Leases:

2006	\$ 43,200
2007	36,600
2008	27,000
2009	27,000
2010	27,000
Thereafter	216,000
Total minimum future rental payments	<u>\$ 376,800</u>

One of the operating leases described above contains a provision for contingent rental payments of 5% of gross sales. Rent expense charged to operations amounted to \$-0- and \$600 for the years ending October 31, 2005 and 2004, respectively.

Rent expense, including property taxes, amounted to \$240,737 and \$173,331 for the years ended October 31, 2005 and 2004, respectively.

Note 7 **Contingencies**

Lease Guarantees

The Company has guaranteed the payment of one lease for a franchise location. The lease expires in February, 2006. The total future minimum lease payments are \$13,200 at October 31, 2005.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

Note 8

Income Taxes

The Company is corporation for federal and state tax purposes. The provision for income taxes for the year ending October 31, 2005 represents federal and state tax using statutory rates.

The provision for income taxes results from the following:

Federal	\$	5,848
State		<u>3,200</u>
Total provision for income taxes	\$	<u><u>9,048</u></u>

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or noncurrent, depending on the classification of the asset and liability to which they relate. The principal sources of temporary differences for the Company are different depreciation methods and useful lives for financial accounting and tax purposes, and timing differences in the reporting of installment sale income. There was no charge to operations for deferred income taxes for the years ended October 31, 2005 and 2004.

Note 9

Major Supplier

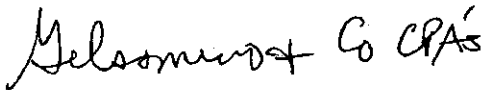
During the year ended October 31, 2005, the company purchased 100% of its product mix for custard from one supplier. Amounts due to that supplier included in accounts payables amounted to \$1,003 and \$0 for the years ended October 31, 2005 and 2004, respectively. Ownership of the custard mix recipe is retained by the Company and could be produced by another supplier.

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Stockholder of
Abbott's Frozen Custard, Inc.
Rochester, New York

Our report on our audit of the basic financial statements of Abbott's Frozen Custard, Inc. for the years ended October 31, 2005 and 2004 appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of Abbott's Frozen Custard, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,



Gelsomino & Company
Certified Public Accountants

Rochester, New York
November 15, 2005

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

SELLING AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Payroll:				
Store	\$ 431,210	29.6%	\$ 348,780	27.4%
Officer	237,323	16.3%	259,853	20.4%
Payroll taxes	93,661	6.4%	78,436	6.2%
Rent and real estate taxes	240,737	16.6%	173,331	13.6%
Utilities	38,666	2.7%	36,864	2.9%
Insurance	49,226	3.4%	30,143	2.4%
Professional fees	56,459	3.9%	42,722	3.4%
Bad debt	-	0.0%	39,049	3.1%
Consulting fees	28,092	1.9%	22,735	1.8%
Franchise fee	-	0.0%	15,000	1.2%
Travel and automobile	11,725	0.8%	8,643	0.7%
Repairs and maintenance	63,572	4.4%	52,759	4.1%
Office supplies and postage	24,942	1.7%	29,087	2.3%
Advertising	125,058	8.6%	91,851	7.2%
Telephone	15,465	1.1%	13,584	1.1%
Depreciation and amortization	38,217	2.6%	30,642	2.4%
	<u>\$ 1,454,353</u>	<u>100.0%</u>	<u>\$ 1,273,479</u>	<u>100.0%</u>

ABBOTT'S FROZEN CUSTARD, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES
FOR THE YEARS ENDED
OCTOBER 31, 2004 AND 2003**

**ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK**

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GELSOMINO & COMPANY, CPA'S

135 Calkins Road, Suite J
Rochester, New York 14623
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INDEPENDENT AUDITORS' REPORT

To the Stockholder of
Abbott's Frozen Custard, Inc.
Rochester, New York

We have audited the accompanying balance sheets of Abbott's Frozen Custard, Inc. (a New York Corporation) as of October 31, 2004 and 2003, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also 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 of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abbott's Frozen Custard, Inc. as of October 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

Gelsomino & Company
Certified Public Accountants

Rochester, New York
November 15, 2004

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
BALANCE SHEETS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Current assets:		
Cash	\$ 177,874	\$ 335,174
Accounts receivable	98,230	60,293
Loan receivable - employee	425	1,675
Income tax receivable	890	-
Installment notes receivable, current	11,519	4,859
Inventory	133,862	115,671
Total current assets	422,800	517,672
 Property:		
Equipment and furniture	307,613	267,444
Leasehold improvements	395,510	303,340
	703,123	570,784
Less: accumulated depreciation	(367,282)	(336,640)
Total property - net	335,841	234,144
 Other assets:		
Installment notes receivable, long-term	8,481	49,507
Prepaid expenses	21,029	15,458
Total other assets	29,510	64,965
 Total assets	\$ 788,151	\$ 816,781

See Notes to Financial Statements.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
BALANCE SHEETS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2004</u>	<u>2003</u>
Current liabilities:		
Accounts payable	\$ 14,376	\$ 71,271
Sales tax payable	5,264	2,218
Accrued profit sharing	-	20,000
Accrued income taxes	-	657
Gift certificates	605	2,945
Due to franchisees	7,500	16,000
Line of credit	15,000	30,000
Installment notes payable, current	39,340	15,000
Total current liabilities	<u>82,085</u>	<u>158,091</u>
 Long-term liabilities:		
Installment notes payable, long-term	130,739	58,750
Due to stockholder	338	55,000
Total long-term liabilities	<u>131,077</u>	<u>113,750</u>
 Total liabilities	<u>213,162</u>	<u>271,841</u>
 Contingencies (Note 8)		
 Stockholder's equity		
Common stock, \$100 par value, 200 shares authorized, 130 shares issued and outstanding	13,000	13,000
Paid-in-capital	2,000	2,000
Retained earnings	559,989	529,940
Total stockholder's equity	<u>574,989</u>	<u>544,940</u>
 Total liabilities and stockholder's equity	<u>\$ 788,151</u>	<u>\$ 816,781</u>

See Notes to Financial Statements

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

	2004		2003	
	<u>Amount</u>	<u>% of Revenues</u>	<u>Amount</u>	<u>% of Revenues</u>
Revenues:				
Retail and wholesale operations - net of coupons in the amount of \$44,633 and \$30,919, respectively	\$ 1,686,897	69.3%	\$ 1,456,829	59.9%
Equipment and stores	393,840	16.2%	88,509	3.6%
Franchise fees	75,333	3.1%	32,333	1.3%
Royalty fee	276,816	11.4%	252,726	10.4%
Total revenues	<u>2,432,886</u>	<u>100.0%</u>	<u>1,830,397</u>	<u>75.2%</u>
Cost of revenues:				
Beginning inventory	115,671	4.8%	94,910	3.9%
Purchases - retail and wholesale	731,862	30.1%	611,877	25.2%
Purchases - equipment and stores	378,606	15.6%	78,378	3.2%
	<u>1,226,139</u>	<u>50.4%</u>	<u>785,165</u>	<u>32.3%</u>
Ending inventory	133,862	5.5%	115,671	4.8%
Total cost of revenues	<u>1,092,277</u>	<u>44.9%</u>	<u>669,494</u>	<u>27.5%</u>
Gross profit	<u>1,340,609</u>	<u>55.1%</u>	<u>1,160,903</u>	<u>47.7%</u>
Selling and administrative expenses	<u>1,273,479</u>	<u>52.3%</u>	<u>1,107,645</u>	<u>45.5%</u>
Income from operations	<u>67,130</u>	<u>2.8%</u>	<u>53,258</u>	<u>2.2%</u>
Other expenses (income):				
Interest expense	10,153	0.4%	7,665	0.3%
Interest (income)	(1,581)	-0.1%	(4,715)	-0.2%
Sale of asset	-	0.0%	(4,000)	-0.2%
Profit sharing expense	20,000	0.8%	20,000	0.8%
Total other expenses	<u>28,572</u>	<u>1.1%</u>	<u>18,950</u>	<u>0.7%</u>
Income before provision for income taxes	<u>38,558</u>	<u>1.6%</u>	<u>34,308</u>	<u>1.4%</u>
Provision for income taxes	<u>8,509</u>	<u>0.3%</u>	<u>8,140</u>	<u>0.3%</u>
Net income	<u>30,049</u>	<u>1.2%</u>	<u>26,168</u>	<u>1.1%</u>
Retained earnings, beginning of year	<u>529,940</u>		<u>503,772</u>	
Retained earnings, end of year	<u>\$ 559,989</u>		<u>\$ 529,940</u>	

See Notes to Financial Statements

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net income	\$ 30,049	\$ 26,168
Adjustments to reconcile net income to net cash flow from operating activities		
Depreciation and amortization	30,642	36,527
Change in:		
Accounts receivable	(37,937)	(35,374)
Income tax receivable	(890)	-
Inventory	(18,191)	(20,731)
Prepaid expenses	(5,571)	(1,266)
Accounts payable	(56,895)	53,019
Sales tax	3,046	(156)
Accrued profit sharing	(20,000)	-
Accrued income taxes	(657)	(6,079)
Gift Certificates	(2,340)	2,945
Due to customers	(8,500)	16,000
Accrued interest	-	(415)
Due to stockholder	(54,662)	51,255
Net cash flow provided by operating activities	<u>(141,906)</u>	<u>121,893</u>
Cash flows from investing activities:		
Net change in property	<u>(132,339)</u>	<u>-</u>
Net cash flow (used in) investing activities	<u>(132,339)</u>	<u>-</u>
Cash flows from financing activities:		
Net change in loan receivable - employee	1,250	(1,675)
Net change in installment notes receivable	34,366	(11,468)
Net change in line of credit	(15,000)	30,000
Net change in long-term borrowings	<u>96,329</u>	<u>(3,028)</u>
Net cash provided by provided by financing activities	<u>116,945</u>	<u>13,829</u>
Net increase (decrease) in cash	(157,300)	135,722
Cash, beginning of year	<u>335,174</u>	<u>199,452</u>
Cash, end of year	<u>\$ 177,874</u>	<u>\$ 335,174</u>

See Notes to Financial Statements.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK
STATEMENTS OF CASH FLOWS
(Continued)
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Supplemental disclosures:		
Interest paid	<u>\$ 10,153</u>	<u>\$ 7,665</u>
Income tax refunds received	<u>\$ -</u>	<u>\$ -</u>

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

Note 1

Summary of Significant Accounting Policies

Nature of Business

The Company owns and operates several retail frozen custard stores in New York State. In addition, as a franchiser it sells the rights to outside parties to operate frozen custard stores under its name and trademark. The custard products sold by the franchises are purchased from the Company and credit is often extended, on an unsecured basis, to the franchisees for these purchases.

Method of Accounting

The Company reports on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash and cash equivalents at financial institutions, which periodically may exceed federally insured amounts.

Inventory

Inventory, which consists of supplies and condiments, is stated at the lower of cost, on an average cost basis, or market.

Accounts Receivable

The Company has receivables that arise from credit sales. Losses from uncollectible receivables are accrued when it is probable that a receivable is impaired and the amount of the loss can be reasonably estimated. As of the date of these financial statements, management believes that neither of these conditions exists with regard to receivables and, as such, an allowance for doubtful accounts has not been established.

Property

The cost of property is depreciated over the estimated useful lives of the related assets, ranging from five to forty years. The cost of improvements is depreciated over the lesser of the length of the related leases or the useful lives of the assets. Depreciation is computed using straight-line and accelerated methods. Depreciation charged to operations amount to \$30,642 and \$36,527 for the years ended October 31, 2004 and 2003, respectively.

**ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003**

Note 1 **Summary of Significant Accounting Policies - Continued**

Advertising

Advertising costs are charged to operations when incurred. Advertising expense, net of reimbursements from franchisees, amounted to \$91,851 and \$47,052 for the years ended October 31, 2004 and 2003, respectively.

Note 2 **Installment Notes Receivable**

The Company opened one franchise location and sold equipment to a number of franchisees. The terms of the installment notes are as follows:

	<u>2004</u>	<u>2003</u>
Installment note receivable, requiring monthly payments beginning May 2005 in the amount of \$1,740 per month, including interest at 7.5%. The note matures March, 2006.	\$ 20,000	\$ 54,366
Total	<u>20,000</u>	<u>54,366</u>
Less: current portion	<u>(11,519)</u>	<u>(4,859)</u>
Long-term portion	<u>\$ 8,481</u>	<u>\$ 49,507</u>

The installment notes receivable mature as follows for the years ending October 31:

2005	\$ 11,519	
2006	<u>8,481</u>	
	<u>\$ 20,000</u>	

Note 3 **Line of Credit**

The Company has an available line of credit in the amount of \$60,000 as of October 31, 2004 and pays interest monthly at the rate of Prime + 1.75% per annum. The line is collateralized by substantially all of the assets of the Company and is personally guaranteed by the sole stockholder. The outstanding balance as of October 31, 2004 and 2003 was \$15,000 and \$30,000, respectively.

**ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003**

Note 4 **Notes Payable**

	<u>2004</u>	<u>2003</u>
Note payable to a bank requiring monthly principal payments of \$1,250, plus interest at Prime + 3/4% and maturing in September, 2008. The note is collateralized by the related equipment.	\$ 58,750	\$ 73,750
Note payable to a bank requiring monthly principal payments of \$1,667, plus interest at Prime + 3/4% and maturing in April, 2009. The note is collateralized by the related improvements.	\$ 90,000	\$ -
Note payable to a bank requiring monthly payments of principal and interest in the amount of \$501 and maturing in January, 2009. The note is collateralized by the related equipment.	\$ 21,329	\$ -
	<u>\$ 170,079</u>	<u>\$ 73,750</u>
Less: current portion	(39,340)	(15,000)
	<u>\$ 130,739</u>	<u>\$ 58,750</u>

Notes payable mature as follows for the year ending October 31:

2005	\$ 39,340
2006	39,731
2007	40,156
2008	39,369
2009	11,483
	<u>\$ 170,079</u>

Note 5 **Profit-Sharing Plan**

The Company has a profit-sharing plan that covers all employees who meet certain eligibility requirements. Contributions to the plan are at the discretion of the Board of Directors. The contributions charged to operations amount to \$20,000 in each of the years ended October 31, 2004 and 2003.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

Note 6 **Commitments**

Operating Leases

The Company leases its corporate-owned locations under operating leases expiring through October 2018. Minimum future rental payments under non-cancelable operating leases as of October 31, 2004, for each of the next five years and in the aggregate are:

Operating Leases:

2005	\$	27,600
2006		27,600
2007		27,000
2008		27,000
2009		27,000
Thereafter		243,000
Total minimum future rental payments	\$	<u>379,200</u>

One of the operating leases described above contains a provision for contingent rental payments of 5% of gross sales. Rent expense charged to operations amounted to \$600 and \$0 for the years ending October 31, 2004 and 2003, respectively.

Rent expense, including property taxes, amounted to \$173,331 and \$146,426 for the years ended October 31, 2004 and 2003, respectively.

Note 7 **Contingencies**

Lease Guarantees

The Company has guaranteed the payment of two leases for franchise locations. The leases have expiration dates through February, 2006. The combined total future minimum lease payments are \$68,700 at October 31, 2004.

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

Note 8

Income Taxes

The Company is corporation for federal and state tax purposes. The provision for income taxes for the year ending October 31, 2004 represents federal and state tax using statutory rates.

The provision for income taxes results from the following:

Federal	\$	5,523
State		<u>2,986</u>
Total provision for income taxes	\$	<u><u>8,509</u></u>

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or noncurrent, depending on the classification of the asset and liability to which they relate. The principal sources of temporary differences for the Company are different depreciation methods and useful lives for financial accounting and tax purposes, and timing differences in the reporting of installment sale income. There was no charge to operations for deferred income taxes for the years ended October 31, 2004 and 2003.

Note 9

Major Supplier

During the year ended October 31, 2004, the company purchased 100% of its product mix for custard from one supplier. Amounts due to that supplier included in accounts payables amounted to \$0 and \$1,445 for the years ended October 31, 2004 and 2003, respectively. Ownership of the custard mix recipe is retained by the Company and could be produced by another supplier.

GELSOMINO & COMPANY, CPA'S

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INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Stockholder of
Abbott's Frozen Custard, Inc.
Rochester, New York

Our report on our audit of the basic financial statements of Abbott's Frozen Custard, Inc. for the years ended October 31, 2004 and 2003 appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of Abbott's Frozen Custard, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

Gelsomino & Company
Certified Public Accountants

Rochester, New York
November 15, 2004

ABBOTT'S FROZEN CUSTARD, INC.
ROCHESTER, NEW YORK

SELLING AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>% of Revenues</u>	<u>Amount</u>	<u>% of Revenues</u>
Payroll:				
Store Officer	\$ 348,780	27.4%	\$ 308,317	24.2%
Officer	259,853	20.4%	227,142	17.8%
Payroll taxes	78,436	6.2%	57,853	4.5%
Rent and real estate taxes	173,331	13.6%	146,426	11.5%
Utilities	36,864	2.9%	36,232	2.8%
Insurance	30,143	2.4%	47,315	3.7%
Professional fees	42,722	3.4%	22,484	1.8%
Bad debt	39,049	3.1%	-	0.0%
Consulting fees	22,735	1.8%	83,143	6.5%
Franchise fee	15,000	1.2%	-	0.0%
Travel and automobile	8,643	0.7%	12,632	1.0%
Repairs and maintenance	52,759	4.1%	44,565	3.5%
Office supplies and postage	29,087	2.3%	21,211	1.7%
Advertising	91,851	7.2%	47,052	3.7%
Telephone	13,584	1.1%	16,746	1.3%
Depreciation and amortization	30,642	2.4%	36,527	2.9%
	<u>\$ 1,273,479</u>	<u>100.0%</u>	<u>\$ 1,107,645</u>	<u>87.0%</u>