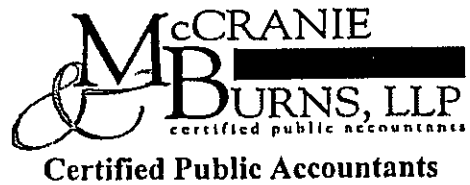


EXHIBIT I
FINANCIAL STATEMENTS

[SEE ATTACHED]

Boneheads Seafood Grill, Inc.
Financial Statements
(Compiled)
February 19, 2006



Gainesville, Georgia



To the Board of Directors
Boneheads Seafood Grill, Inc.
Atlanta, Georgia

We have compiled the accompanying balance sheet of Boneheads Seafood Grill, Inc. as of February 19, 2006, and the related statement of operations and retained earnings for the two periods then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statements of cash flows required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Boneheads Seafood Grill, Inc.

Sincerely,

McCranie & Burns, LLP
McCranie & Burns, LLP

April 24, 2006

BONEHEADS SEAFOOD GRILL, INC.
BALANCE SHEET
February 19, 2006

ASSETS

Current assets	
Cash and cash equivalents	\$ 14,439
Royalty fee receivable	23,598
Deferred franchise expenses	96,531
Due from franchises	464,833
Other receivables	64,500
Other current assets	3,022
Total current assets	666,923
Property and Equipment	
Property and Equipment (net of accumulated depreciation of \$0)	3,105
Other assets	
Loans and notes receivable	
Loans to related parties	
Investments	
Intangible assets (net of accumulated amortization of \$1,263)	20,287
Total other assets	20,287
Total assets	\$ 690,315

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 3,926
Other current liabilities	130,451
Deferred franchise fees	82,000
Total current liabilities	216,377
Long term liabilities	
Note payable	374,069
Stockholders' equity	
Common stock	420,000
Retained earnings (deficit)	(320,131)
Total stockholders' equity	99,869
Total liabilities and stockholders' equity	\$ 690,315

See Accountant's Compilation Report

BONEHEADS SEAFOOD GRILL, INC.
STATEMENT OF OPERATIONS
For the Two Periods Ended February 19, 2006

REVENUES	
Franchise fees	\$ 40,000
Royalty fees	<u>19,323</u>
Total revenues	<u>59,323</u>
EXPENSES	
Payroll and payroll taxes	70,585
Selling and marketing	38,827
General and administrative	<u>41,936</u>
Total expenses	<u>151,348</u>
NET INCOME	<u>(92,025)</u>
RETAINED EARNINGS, beginning of year	<u>191,894</u>
RETAINED EARNINGS, end of year	<u><u>\$ 99,869</u></u>

See Accountant's Compilation Report

BONEHEAD'S SEAFOOD GRILL, INC.
ATLANTA, GEORGIA

FINANCIAL STATEMENTS

FOR THE FIFTY-TWO WEEK PERIOD ENDED
DECEMBER 25, 2005

BONEHEAD'S SEAFOOD GRILL, INC.

ATLANTA, GEORGIA

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THE GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2006

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Bonehead's Seafood Grill, Inc.
Atlanta, Georgia

We have audited the accompanying balance sheet of Bonehead's Seafood Grill, Inc., as of December 25, 2005 and the related statement of income, statement of stockholders' equity, and cash flows for the fifty-two week period 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bonehead's Seafood Grill, Inc. as of December 25, 2005 and the results of its operations and its cash flows for the fifty-two week period then ended in conformity with accounting principles generally accepted in the United States of America.

Alexander, Almand & Associates, LLP

BONEHEAD'S SEAFOOD GRILL, INC.
BALANCE SHEET
December 25, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents - Notes 1 and 8	\$ 167,778
Franchise fees receivable- Note 1	64,500
Deferred franchise expenses - Note 1	96,531
Note receivable - related party - Note 4	520,973
Prepaid Expenses	<u>257</u>

Total current assets \$ 850,039

FURNITURE AND EQUIPMENT - Notes 1 and 7

3,105

OTHER ASSETS

Intangible assets - Note 5	19,887
Less accumulated amortization	<u>1,189</u>

Total other assets 18,698

TOTAL ASSETS

\$ 871,842

The accompanying notes are an integral part of this statement.

BONEHEAD'S SEAFOOD GRILL, INC.
BALANCE SHEET
December 25, 2005

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 232,616
Accrued expenses	57,327
Due to related parties - Note 4	88,495
Note payable - related party	374,069
Current portion of deferred franchise fees - Note 1	<u>15,000</u>

Total current liabilities \$ 767,507

LONG-TERM LIABILITIES

Deferred franchise fees, less current portion - Note 1 40,000

STOCKHOLDERS' EQUITY

Common stock, 15,040,000 shares authorized, 14,710,000 shares issued and outstanding - Note 6	420,000
Accumulated deficit - Note 9	<u>(355,665)</u>

Total stockholders' equity 64,335

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 871,842

BONEHEAD'S SEAFOOD GRILL, INC.
STATEMENT OF INCOME
For the Fifty-Two Week Period Ended December 25, 2005

REVENUES		
Franchise fees - Note 1		\$ 20,000
EXPENSES		
Payroll and payroll taxes	\$ 50,732	
Selling and marketing - Note 1	103,814	
General and administrative	196,768	
Amortization	<u>1,065</u>	
Total expenses		<u>352,379</u>
NET INCOME FROM OPERATIONS		(332,379)
OTHER INCOME/(EXPENSE)		
Interest income - Notes 1 and 4	3,021	
Interest expense - Note 4	<u>(3,639)</u>	
Total other income/(expense)		<u>(618)</u>
NET LOSS		<u><u>\$ (332,997)</u></u>

The accompanying notes are an integral part of these financial statements.

BONEHEAD'S SEAFOOD GRILL, INC.
 STATEMENT OF STOCKHOLDERS' EQUITY
 For the Fifty-Two Week Period Ended December 25, 2005

	<u>Capital Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, January 1, 2005	\$ 320,000	\$ -	\$ 320,000
Capital stock issues	100,000	-	100,000
Correction of error in prior year - Note 8, Note 9	-	(22,668)	(22,668)
Net loss	<u>-</u>	<u>(332,997)</u>	<u>(332,997)</u>
Balance, December 25, 2005	<u>\$ 420,000</u>	<u>\$ (355,665)</u>	<u>\$ 64,335</u>

The accompanying notes are an integral part of these financial statements.

BONEHEAD'S SEAFOOD GRILL, INC.
STATEMENT OF CASH FLOWS
For the Fifty-Two Week Period Ended December 25, 2005

OPERATING ACTIVITIES		
Net income	\$ (332,997)	
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,065	
(Increase) decrease in:		
Franchise fees receivable	(64,500)	
Prepaid expenses	(257)	
Deferred franchise expense	(96,531)	
Due from franchisees	500	
Increase (decrease) in:		
Accounts payable	220,747	
Accrued expenses	57,327	
Deferred franchise fees	<u>55,000</u>	
Net cash provided by (used by) operating activities		\$ (159,646)
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(3,105)	
Acquisition of intangible assets	<u>(17,412)</u>	
Net cash provided by (used by) investing activities		(20,517)
FINANCING ACTIVITIES		
Proceeds from loans from related parties	490,937	
Payments on loans to/from related parties	(552,215)	
Capital stock proceeds	<u>100,000</u>	
Net cash provided by (used by) financing activities		<u>38,722</u>
Net increase (decrease) in cash and cash equivalents		(141,441)
CASH AND CASH EQUIVALENTS, beginning of year		<u>309,219</u>
CASH AND CASH EQUIVALENTS, end of year		<u><u>\$ 167,778</u></u>

The accompanying notes are an integral part of these financial statements.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS
December 25, 2005

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was created as a Georgia corporation on February 18, 2004. The Company is engaged in offering and selling franchises and area development rights throughout the Southern and Mid-Atlantic regions of the United States for the operation of individual franchise restaurants offering quick service dining and take-out service, and specializing in the preparation and sales of food products and refreshments for lunch and dinner.

The Company completed a uniform franchise offering circular and commenced selling franchises on November 23, 2004. At December 25, 2005, the Company operated no corporate owned stores and had sold 7 franchised locations of which 2 locations were in operation.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is charged to operations over the estimated useful lives of the related assets and is computed using the straight-line method over three to ten years.

Repairs and maintenance are charged to operations when incurred. Betterments and purchases are capitalized. When fixed assets are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in non-operation activity.

Long-Lived assets

The Company reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

Interest Income

Interest income is recognized in the period in which it is earned, according to the terms of the loan. Interest income for 2005 is \$ 3,021.

Revenue recognition

Revenue from franchise fees is recognized when all of the initial services are substantially completed and conditions relating to the sale have been substantially performed by the Company and the franchise has commenced operations. Franchise fees for the year ended December 25, 2005 were \$ 20,000.

When an initial franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in: site selection, lease review, store layout and design, construction management training, implementation of an accounting system and on-site pre-opening assistance. Deferred fee revenue at December 25, 2005 represents initial franchise sales where the Company has not yet substantially completed all of the initial services. Revenue deferred as of December 25, 2005 was \$ 55,000.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
December 25, 2005

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred franchise fees are considered long-term, if the location is not expected to open within twelve months of the year end. All deferred franchise fees are considered current at year end.

Current	\$ 15,000
Long term	<u>40,000</u>
Total	<u>\$ 55,000</u>

Fees from Market Development Agreements ("MDA's") are recognized as revenue on a pro rata basis based on the number of stores opened to-date to total stores to be developed as stipulated in the MDA. If the total number of stores stipulated in the MDA are not opened at the expiration of the MDA, the balance of such fees is recognized, unless an extension is granted by the franchisor in special situations.

Royalties from Franchises

Royalties from individual franchisees are based upon a percentage of each franchisees' sales and are recognized when earned based upon reported sales activity by each franchisee. Royalty fees for the year ended December 25, 2005 were \$ -0-. There were 2 locations in operation at year end, one of which is exempt from royalties as it is owned by a shareholder and one of which opened on December 16, 2005 with no royalties earned as of year end.

Cost Recognition

Costs directly related to selling a franchise and providing initial services under the franchise agreement are deferred until the initial services are substantially complete which is generally upon store opening. Upon store opening and recognition of the deferred franchise fee revenue, the related deferred costs are charged to earnings. Costs deferred as of December 25, 2005 were \$ 96,531. Indirect costs and costs not directly associated with selling franchises and providing initial services under the franchise agreement are expensed as incurred.

Income Taxes

As of January 1, 2004, the Company has elected to be treated as an S-Corporation for income tax purposes. Accordingly, the members report their proportionate share of taxable income or loss on their individual income tax returns. Therefore, no federal or state income taxes are provided in the accompanying financial statements.

Advertising Costs

Advertising costs are expensed in the period incurred. Advertising expense for the year ended December 25, 2005 was \$ 103,814, and is included in the caption selling and marketing.

Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
December 25, 2005

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalent.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents, and accounts receivables from franchisees and related companies. The Company maintains its cash balances in one financial institution. The balances insured by the Federal Deposit Insurance Corporation are \$100,000. At December 25, 2005, the Company's uninsured cash balances total \$ 67,778.

Concentration of Revenue

The Company primarily receives its revenue from the sale of franchises and the collection of royalties based upon franchisee sales.

Franchise Fee Receivable

The Company bills its customers in accordance with their contractual agreement. The Company considers franchise fee receivable to be fully collectible. Accordingly, no reserve for bad debt is required. Franchise fees receivable at December 25, 2005 were \$ 64,500.

Fiscal Year

The Company's fiscal year ends on the Sunday closest to the December calendar month end. The fiscal year presented includes the period ended December 25, 2005, which consists of fifty-two (52) weeks.

NOTE 2 – ADVERTISING FUND

The Company has established a separate national marketing trust fund to administer funds collected from franchisees for advertising. The franchisees are required to pay into the national marketing fund a bi-weekly fee of 2% of the restaurant's sales. Amounts assessed in 2005 for the advertising funds were \$ -0-. There were no amounts expended from this advertising fund in 2005. The balance of funds on December 25, 2005 was \$ -0-, as there were only 2 locations in operation at year end. One location is exempt and the other location opened on December 16, 2005 and no assessment was made for these funds.

NOTE 3 – FRANCHISE AGREEMENTS

Franchise agreements are available for single and multi-unit restaurants. The multi-unit agreement establishes the number of restaurants the franchisee is to construct and open in the franchised area during the term of the agreement. At December 25, 2005, there were 2 franchised restaurants in operation of which 2 were opened during the current year; 1 of the total operating restaurants was operated under a multi-unit agreement. A total of 7 franchises have been sold as of December 25, 2005. There were no terminated agreements during the current year.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
December 25, 2005

NOTE 3 – FRANCHISE AGREEMENTS (CONTINUED)

Franchisees are required to pay the Company a franchise fee and a bi-weekly royalty fee of 5% of the restaurants' gross sales. Unit franchise fees are recorded as income as related restaurants begin operations. Royalty fees, which are based on restaurant sales of franchisees and licensees, are accrued as earned.

NOTE 4 – TRANSACTIONS WITH RELATED PARTIES

Note Receivable – Related Party

During the year, the Company loaned \$ 520,973 to a related entity, under common ownership. The note bears interest at 8% and is due on demand. Interest income on this note was \$ 3,021 for the year ended December 25, 2005. The Company expects to collect the note within twelve months.

Due to Related Party

In 2005, the Company was loaned \$ 88,495 for working capital needs from a related entity that has common ownership. The amounts are expected to be repaid within twelve months.

Note Payable – Related Party

During the year, the Company was loaned \$ 374,069 from a related entity, under common ownership. The note bears interest at 8% and is due on demand. Interest expense on this note was \$ 3,639 for the year ended December 25, 2005. The amounts are expected to be repaid within twelve months.

NOTE 5 – INTANGIBLE ASSETS

The Company has intangible assets consisting of organizational assets and trademarks. The organizational assets and the trademarks are amortized over five to fifteen years. Amortization expense for the current year amounted to \$ 1,065.

NOTE 6 – COMMON STOCK

The Company authorized 15,040,000 no par shares; 50,000 class A shares, 2,990,000 class B non-voting shares, and 12,000,000 class C non-voting shares. As of December 25, 2005, all of the 50,000 class A shares, all 2,990,000 class B non-voting shares, and 11,670,000 class C non-voting shares were issued and outstanding.

NOTE 7 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of December 25, 2005:

Computer equipment	\$ 3,105
Less: accumulated depreciation	<u>-</u>
Net furniture and equipment	<u>\$ 3,105</u>

Depreciation expense for the year ended December 25, 2005 was \$ -0-, as purchase was made within days of year end.

BONEHEAD'S SEAFOOD, INC.
 NOTES TO FINANCIAL STATEMENTS – (CONTINUED)
 December 25, 2005

NOTE 8 – CASH FLOWS INFORMATION

Cash paid for interest during the year amounted to \$ 569.

Non-cash transactions during the year consisted of \$ 22,668 in organizational assets that were reclassified to accumulated deficit. This transaction is further discussed in Note 9.

NOTE 9 – CORRECTION OF ERROR

In 2004, certain expenses were capitalized under the caption "Organization Expenses". During the current year, it was discovered that these were startup expenses and not intangible assets as discussed in SOP 98-1. \$ 22,668 in startup expenses were incorrectly capitalized in 2004. During the current year, these expenses were reclassified to accumulated deficit. This adjustment had no effect on current year net income. The adjustment reduced total assets and total equity by \$ 22,668 for the prior year.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company, from time to time, enters into lease agreements with the intent of assigning the lease to a franchisor, when the territory is sold. At December 25, 2005 no lease payments have been made on this lease.

Summary of Lease

Location	Annual Rent	Lease Date	Rent Commencement Date	Assignment Status	Leasehold Status at Year End
Glendale, AZ	Year 1-5 \$ 87,500/yr Year 6-10 \$ 96,250/yr	08/04/05	Earlier of 120 days after delivery of completed leasehold or date of business opening	Unassigned	Undelivered, Store unopened

BONEHEAD'S SEAFOOD, INC.
ATLANTA, GEORGIA

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
DECEMBER 31, 2004

BONEHEAD'S SEAFOOD, INC.

FINANCIAL STATEMENTS

December 31, 2004

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THE GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2005

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Bonehead's Seafood, Inc.
Atlanta, Georgia

We have audited the accompanying balance sheet of Bonehead's Seafood, Inc. as of December 31, 2004. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Bonehead's Seafood, Inc. as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Alexander, Almand & Associates, LLP

BONEHEAD'S SEAFOOD, INC.
BALANCE SHEET
December 31, 2004

ASSETS

Current assets	
Cash and cash equivalents - Note 1	\$ 309,219
Deposit	500
Total current assets	<u>309,719</u>
Other assets	
Intangible assets (net of accumulated amortization of \$0) - Note 4	<u>25,019</u>
Total other assets	<u>25,019</u>
Total assets	<u>\$ 334,738</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 11,869
Due to related parties - Note 6	2,869
Total current liabilities	<u>14,738</u>
Common stock, 20,000,000 shares authorized and 11,500,550 shares issued and outstanding - Note 5	
Total stockholders' equity	<u>320,000</u>
Total liabilities and stockholders' equity	<u>\$ 334,738</u>

The accompanying notes are an integral part of these financial statements.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was created as a Georgia corporation on February 18, 2004. The Company is engaged in offering and selling franchises and area development rights throughout the Southern and Mid-Atlantic regions of the United States for the operation of individual franchise restaurants offering quick service dining and take-out service, and specializing in the preparation and sales of food products and refreshments for lunch and dinner.

At December 31, 2004, the Company operated no corporate owned stores and had sold no franchised locations.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is charged to operations over the estimated useful lives of the related assets and is computed using the straight-line method over three to ten years. At December 31, 2004, the Company had no furniture or equipment in service.

Repairs and maintenance expenses are charged to operations when incurred. Betterments and purchases are capitalized. When fixed assets are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in non-operation activity.

Long-Lived assets

The Company reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from franchise fees is recognized when all of the initial services are substantially completed, conditions relating to the sale have been substantially performed by the Company, and the franchise has commenced operations.

When an initial franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in: site selection, lease review, store layout and design, construction management training, implementation of an accounting system and on-site pre-opening assistance.

Fees from Market Development Agreements (“MDA’s”) are recognized as revenue on a pro rata basis based on the number of stores opened to-date to total stores to be developed as stipulated in the MDA. If the total number of stores stipulated in the MDA are not opened at the expiration of the MDA, the balance of such fees is recognized.

Royalties from Franchises

Royalties from individual franchisees are based upon a percentage of each franchisees’ sales and are recognized when earned based upon reported sales activity by each franchisee.

Cost Recognition

Costs directly related to selling a franchise and providing initial services under the franchise agreement are deferred until the initial services are substantially complete which is generally upon store opening. Upon store opening and recognition of the deferred franchise fee revenue, the related deferred costs are charged to earnings. Indirect costs and costs not directly associated with selling franchises and providing initial services under the franchise agreement are expensed as incurred.

Income Taxes

As of January 1, 2004, the Company has elected to be treated as an S-Corporation for income tax purposes. Accordingly, the members report their proportionate share of taxable income or loss on their individual income tax returns. Therefore, no federal or state income taxes are provided in the accompanying financial statements.

Advertising Costs

Advertising costs are expensed in the period incurred.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalent.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents, and accounts receivables from franchisees and related companies. The Company maintains its cash balances in one financial institution. The balances insured by the Federal Deposit Insurance Corporation are \$100,000. At December 31, 2004, the Company's uninsured cash balances total \$209,219.

Concentration of Revenue

The Company primarily receives its revenue from the sale of franchises and the collection of royalties based upon franchisee sales.

NOTE 2 – ADVERTISING FUND

As of December 31, 2004, the Company had not yet established a separate national or regional marketing trust fund to administer funds collected from franchisees for advertising.

BONEHEAD'S SEAFOOD, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 3 – FRANCHISE AGREEMENTS

Franchise agreements are available for single and multi-unit restaurants. The multi-unit agreement establishes the number of restaurants the franchisee is to construct and open in the franchised area during the term of the agreement.

Franchisees are required to pay the Company a franchise fee and a bi-weekly royalty fee of 5% of the restaurants' gross receipts. Unit franchise fees are recorded as income as related restaurants begin operations. Royalty fees, which are based on restaurant sales of franchisees and licensees, are accrued as earned.

NOTE 4 – INTANGIBLE ASSETS

The Company has intangible assets consisting of organizational expenses and trademarks. The organizational expenses are amortized over a five-year period and the trademarks are amortized over a fifteen-year period.

NOTE 5 – COMMON STOCK

The Company authorized 20,000,000 shares; 50,000 class A shares and 19,950,000 class B non-voting shares. As of December 31, 2004, all of the 50,000 class A shares and 11,450,550 class B non-voting shares were issued and outstanding.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related party transactions for 2004 amounted to a payable due to another entity, under common control, in the amount of \$ 2,869.

EXHIBIT J
FRANCHISEE DISCLOSURE QUESTIONNAIRE

[SEE ATTACHED]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Bonehead's Seafood, Inc. ("we", "us" or "our") and you are preparing to enter into a Development Agreement and Franchise Agreement for the operation of a Boneheads franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Offering Circular, but you must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement and pay your development and/or franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

- Yes__ No__ 1. Have you received and personally reviewed the Development Agreement, the Franchise Agreement and each exhibit and schedule attached to them?
- Yes__ No__ 2. Have you received and personally reviewed the Franchise Offering Circular ("Offering Circular") we provided?
- Yes__ No__ 3. Did you sign a receipt for the Offering Circular indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the Offering Circular, the Development Agreement and the Franchise Agreement?
- Yes__ No__ 5. Have you reviewed the Offering Circular, the Development Agreement and the Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes__ No__ 6. Have you discussed the benefits and risks of developing and operating a Boneheads franchise with an existing Boneheads franchisee?
- Yes__ No__ 7. Do you understand the risks of developing and operating a Boneheads franchise?
- Yes__ No__ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes__ No__ 9. Do you understand we have only granted you a limited territorial protection against us locating another Boneheads Restaurant near your Restaurant(s) as set forth in your Development Agreement and Franchise Agreement and that another Boneheads franchise or company Restaurant may open anywhere outside your limited protected territory.
- Yes__ No__ 10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of food products and other products under the Boneheads name or other mark, at any location, other than a Boneheads Restaurant within your limited protected

territory, or by any method of distribution even within your limited protected territory, and these other restaurants or methods of distribution may compete with your Boneheads Restaurant(s) and adversely affect its sales?

- Yes__ No__ 11. Do you understand that the only radius restriction concerning where another franchised or company Boneheads Restaurant may open is the limited protected territory specified in your Development Agreement and Franchise Agreement?
- Yes__ No__ 12. Do you understand that most disputes or claims you may have arising out of or relating to the Development Agreement and/or the Franchise Agreement must be litigated in the courts closest to our principal executive office or arbitrated at the office of the American Arbitration Association closest to our principal executive office?
- Yes__ No__ 13. Do you understand that you (and your manager if you will employ one full-time) must satisfactorily complete our initial training course before we will allow your Boneheads Restaurant to open?
- Yes__ No__ 14. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Boneheads franchise that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular?
- Yes__ No__ 15. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in the Development Agreement and the Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Offering Circular?
- Yes__ No__ 16. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Boneheads franchise will generate, that is not contained in the Offering Circular or that is contrary to, or different from, the information contained in the Offering Circular?

Yes__ No__ 17. Do you understand that the Development Agreement and the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Boneheads Restaurant, meaning any prior oral or written statements not set out in the Development Agreement or the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: Nothing in this Franchisee Disclosure Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER AND USE ADDITIONAL PAPER IF NECESSARY]:

EXHIBIT K
RECEIPTS

[SEE ATTACHED]

RECEIPT

THIS OFFERING CIRCULAR SUMMARIZES PROVISIONS OF THE DEVELOPMENT AGREEMENT, THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS OFFERING CIRCULAR AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS OFFERING CIRCULAR TO YOU AT THE EARLIEST OF:

- (1) THE FIRST PERSONAL MEETING TO DISCUSS THE FRANCHISE; OR
- (2) TEN BUSINESS DAYS BEFORE THE SIGNING OF A BINDING AGREEMENT (FOURTEEN DAYS IN ILLINOIS); OR
- (3) TEN BUSINESS DAYS BEFORE MAKING ANY PAYMENT TO US (FOURTEEN DAYS IN ILLINOIS).

YOU MUST ALSO RECEIVE A DEVELOPMENT AGREEMENT OR A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

IF WE DO NOT DELIVER THIS OFFERING CIRCULAR ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAWS MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT A.

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular state.

I have received a Boneheads Uniform Franchise Offering Circular dated April 1, 2006 (except for those states listed on Attachment I that have a different issuance/effective date), which included a state-specific addendum for the States of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota and Washington. If I elected to receive this Offering Circular in electronic form as an Adobe PDF file, I hereby acknowledge that I have the ability to read and print the Offering Circular in its electronic form. This Offering Circular included an Attachment showing state-specific effective dates and the following Exhibits:

- A State Agencies and Administrators and Franchisor's Agents for Service of Process
- B Market Development Agreement
- C Franchise Agreement
- D Operations Manual Table of Contents
- E Domain Name License Agreement
- F State Specific Addenda
- G Current Franchisees
- H Franchisees Who Have Left the System
- I Financial Statements
- J Franchisee Disclosure Questionnaire
- K Receipts

Date

Prospective Franchisee
Print Name: _____

Date

Prospective Franchisee
Print Name: _____

OUR COPY- RETURN TO US

RECEIPT

THIS OFFERING CIRCULAR SUMMARIZES PROVISIONS OF THE DEVELOPMENT AGREEMENT, THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS OFFERING CIRCULAR AND ALL AGREEMENTS CAREFULLY.

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- (2) TEN BUSINESS DAYS BEFORE THE SIGNING OF A BINDING AGREEMENT (FOURTEEN DAYS IN ILLINOIS); OR
- (3) TEN BUSINESS DAYS BEFORE MAKING ANY PAYMENT TO US (FOURTEEN DAYS IN ILLINOIS).

YOU MUST ALSO RECEIVE A DEVELOPMENT AGREEMENT OR A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

IF WE DO NOT DELIVER THIS OFFERING CIRCULAR ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAWS MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT A.

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular state.

I have received a Boneheads Uniform Franchise Offering Circular dated April 1, 2006 (except for those states listed on Attachment 1 that have a different issuance/effective date), which included a state-specific addendum for the States of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota and Washington. If I elected to receive this Offering Circular in electronic form as an Adobe PDF file, I acknowledge that I have the ability to read and print the Offering Circular in its electronic form. This Offering Circular included an Attachment showing state-specific effective dates and the following Exhibits:

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- H Franchisees Who Have Left the System
- I Financial Statements
- J Franchisee Disclosure Questionnaire
- K Receipts

Date

Prospective Franchisee
Print Name: _____

Date

Prospective Franchisee
Print Name: _____

YOUR COPY- RETAIN FOR YOUR FILES