

**BUSINESS CARDS TOMORROW, INC.**  
**UNIFORM FRANCHISE OFFERING CIRCULAR**  
**EXHIBIT D: FINANCIAL STATEMENTS**

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004

**BCT INTERNATIONAL, INC.**  
**(a wholly-owned Subsidiary of Phoenix Group of Florida, Inc.)**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES**

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March 9, 2006

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders  
BCT International, Inc.  
Fort Lauderdale, Florida

We have audited the consolidated balance sheet of BCT International, Inc. (a Delaware corporation) and Subsidiaries (the Companies) as of December 31, 2005 and December 31, 2004, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BCT International, Inc. and Subsidiaries as of December 31, 2005 and December 31, 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*MSI Barnes & Associates, P.A.*

MSI BARNES & ASSOCIATES, P.A.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED BALANCE SHEET  
For the year ended December 31, 2005 and December 31, 2004  
(000's omitted)

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 2,168	\$ 2,381
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of \$325 (2004: \$898)	2,444	2,836
Inventory, Net	2,508	2,395
Prepaid Expense and Other Current Assets	96	89
Total Current Assets	<u>7,216</u>	<u>7,701</u>
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of \$1,951 (2004: \$1,597)	2,652	4,137
Property and Equipment at Cost, Net	722	666
Deposits and Other Assets	18	22
Trademark and Other Intangible Assets, Net	156	132
Total Assets	<u>\$ 10,764</u>	<u>\$ 12,658</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
Current Liabilities:		
Accounts Payable	\$ 1,415	\$ 693
Notes Payable	690	753
Accrued Liabilities	169	215
Total Current Liabilities	<u>2,274</u>	<u>1,661</u>
Deferred Revenue	0	258
Notes Payable, Less Current Maturities	496	2,690
Total Liabilities	<u>2,770</u>	<u>4,609</u>
Commitments and Contingencies (Note 9)	0	0
Minority Interest	66	21
Stockholder's Equity:		
Common Stock, \$.04 Par Value, Authorized 25,000 5,828 Share Issued	233	233
Paid in Capital	12,605	12,605
Retained Earnings	1,890	1,990
	<u>14,728</u>	<u>14,828</u>
Less: Treasury Stock, At Cost, 3,182 Shares Held by Company at Year End	<u>(6,800)</u>	<u>(6,800)</u>
Total Stockholder's Equity	<u>7,928</u>	<u>8,028</u>
Total Liabilities and Stockholder's Equity	<u>\$ 10,764</u>	<u>\$ 12,658</u>

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

	<u>For the Year Ended December 31, 2005</u>	<u>For the Year Ended December 31, 2004</u>
<b>Revenues:</b>		
Royalties and Franchise Fees	\$ 5,734	\$ 5,588
Paper and Printing Sales	11,194	11,360
Sales of Franchises	71	66
Software License and Consolidated Billing Fee	653	596
Company-Owned Plant Revenues	3,658	3,250
Discounts on Franchise Sales	(198)	0
	<u>21,112</u>	<u>20,860</u>
<b>Expenses:</b>		
Cost of Paper and Printing Sales	10,332	10,413
Cost of Paper and Printing of Company-Owned Plants	254	167
Selling, General and Administrative	8,957	7,546
Depreciation and Amortization	283	322
	<u>19,826</u>	<u>18,448</u>
Income from Continued Operations Before Interest, Other Income and Income Taxes	1,286	2,412
Interest Expense	(143)	(256)
Interest and Other Income	329	342
Income from Continued Operations Before Income Taxes	<u>1,472</u>	<u>2,498</u>
Income Tax Provision	0	1,246
Net Income Before Minority Interest	<u>1,472</u>	<u>1,252</u>
Minority Interest in Subsidiary Income	(45)	(9)
Net Income	<u>\$ 1,427</u>	<u>\$ 1,243</u>

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

	<u>Common Stock</u>		<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Par Value</u>				
Balance December 31, 2003	828	233	12,605	4,973	(6,585)	11,226
Merger Stock Buy-Back Fees and Expenses	0	0	0	0	(215)	(215)
Distributions	0	0	0	(1,087)	0	(1,087)
Distribution of Parent Loan (Note 8)	0	0	0	(3,139)	0	(3,139)
Net Income	0	0	0	1,243	0	1,243
Balance December 31, 2004	828	233	12,605	1,990	(6,800)	8,028
Distributions	0	0	0	(1,527)	0	(1,527)
Net Income	0	0	0	1,427	0	1,427
Balance December 31, 2005	<u>828</u>	<u>\$ 233</u>	<u>\$ 12,605</u>	<u>\$ 1,890</u>	<u>\$ (6,800)</u>	<u>\$ 7,928</u>

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

	<u>For the Year Ended</u> <u>Ended December 31, 2005</u>	<u>For the Year Ended</u> <u>Ended December 31, 2004</u>
<u>Cash Flows From Operating Activities:</u>		
Net Income	\$ 1,427	\$ 1,243
Adjustments to Reconcile Income from Continuing Operations to Net Cash Provided by Operating Activities:		
Deferred Income Taxes	0	1,325
Depreciation and Amortization	283	322
Provision for Doubtful Accounts	964	0
Changes in Assets and Liabilities:		
Accounts and Notes Receivable	913	117
Inventory	(113)	92
Prepaid Expenses and Other Current Assets	(7)	21
Accounts Payable	722	(346)
Accrued Liabilities	(46)	(364)
Deferred Revenue	(258)	(76)
Minority Interest	45	9
	<u>3,930</u>	<u>2,343</u>
<u>Cash Flows From Investing Activities:</u>		
Acquisition of Intangible Asset	(35)	0
Capital Expenditures for Property and Equipment	(328)	(141)
Decrease in Deposits	4	21
	<u>(359)</u>	<u>(120)</u>
<u>Cash Flows From Financing Activities:</u>		
Treasury Stock Purchases/Expenses	0	(215)
Repayments on Borrowings	(2,257)	(771)
Shareholder Distribution	(1,527)	(1,106)
	<u>(3,784)</u>	<u>(2,092)</u>
Net Cash (Used In) Financing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents	(213)	131
Cash and Cash Equivalents, Beginning of Year	2,381	2,109
Cash and Cash Equivalents, End of Year	<u>\$ 2,168</u>	<u>\$ 2,240</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Interest Paid During the Year	<u>\$ 143</u>	<u>\$ 256</u>
Income Taxes Paid During the Year	<u>\$ 0</u>	<u>\$ 170</u>

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



BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

BCT International, Inc. (the "Company"), franchises wholesale thermography printing franchises through its wholly-owned subsidiary, Business Cards Tomorrow, Inc. (BCT), for which it receives initial franchise fees and continuing royalties. BCT franchises are located in 36 states and Canada.

As of December 31, 2005, BCT owns 100% of BCT of S.F., 100% of BCT Tampa, 100% of BCT Fort Myers and 50% of South Pacific Wholesale Printers, Inc. (BCT Hawaii). South Pacific Wholesale Printers, Inc. was closed in January 2006, and the operations moved to the Company-owned franchise, BCT of S.F.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated. The results of operations of the 50% Company-owned (BCT franchises, South Pacific Wholesale Printers, Inc.), are included in the consolidated statement of operations for the years ended December 31, 2005 and December 31, 2004.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The most significant estimates made by management in the accompanying financial statements relate to the accrual for unreported royalty sales and the allowance for doubtful accounts. Actual results could differ from those estimates.

Inventory

Inventory, consisting primarily of paper products, printing supplies and catalogs for sale to the franchises, is stated at the lower of cost average cost method or market. As of December 31, 2005 and December 31, 2004, the allowance for obsolete inventory was \$84 and \$84, respectively.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the lives of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Costs of major additions and improvements are capitalized and expenditures for maintenance and repairs which do not extend the life of the assets are expensed. Upon the sale or disposition of property and equipment, the cost and related accumulated depreciation is eliminated from the accounts, and any resultant gain or loss is credited or charged to operations.

Company Owned Franchises

Acquisitions of Company-owned franchises have been accounted for as purchases. Operations of the businesses acquired have been included in the accompanying consolidated statements of operations from their respective dates of acquisition.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trademark and Other Intangible Assets

The trademark is amortized using the straight-line method over 17 years. Other intangible assets consist of the excess of purchase price over the fair value of the net assets acquired relating primarily to the acquisition of the Canadian franchise rights in fiscal 1994. During the year, the Company acquired a territory in California for \$35. The amortization period for the Canadian franchise rights is 19 years, which represented the remaining life of the franchise agreement acquired. As of December 31, 2005 and December 31, 2004, accumulated amortization of intangible assets amounted to \$342 and \$342, respectively.

Impairment of Long-Lived Assets and Identifiable Intangibles

The Company reviews long-lived assets and identifiable intangibles and reserves for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable and will write-off the unamortized value if it is determined they no longer have value.

Sales of Franchises

Revenue from the sales of individual franchises, including the initial equipment package, is recognized upon the opening of the related franchise and when all significant services or conditions relating to the sale have been substantially performed. When these criteria have not been met, then the net profit from the sale has been deferred and characterized as deferred revenue.

Continuing Franchise Royalties, Paper and Printing Revenues

Continuing franchise royalties and paper and printing revenues are recognized monthly when earned. Collectibility of these revenues is assessed on a regular basis.

Licensing Fees

The Company charges franchises an annual license for the use of Orderprinting.com, the Company's Internet based ordering system. These fees are recognized over the term of the licensing agreement, (one year).

Income Taxes

The Company elected S Corporation status effective January 1, 2004. Earnings and losses after that date will be included in the tax return of the shareholder corporation (Phoenix Group of Florida, Inc.) and ultimately in the income tax return of the individual stockholder and taxed depending on the personal tax strategies of the stockholder. Accordingly, the Company will not incur additional income tax obligations, and future financial statements will not include a provision for income taxes.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts and notes receivable are presented at face value, net of the allowance for doubtful accounts.

The allowance for doubtful accounts is established through a provision for losses charged to selling, general and administrative expense. Accounts receivable are charged off against the allowance for doubtful accounts when management believes that collectibility is unlikely. Management believes the allowance will be adequate to absorb probable losses in existing accounts and notes receivable that may become uncollectible. (See Note 2)

Concentration of Credit Risk

Cash accounts are maintained primarily at Bank of America in the U.S. and at RCB in Canada. Accounts at each U.S. financial institution are insured by the FDIC up to \$100 and in Canada up to \$60 Canadian dollars. At December 31, 2005, the Company's uninsured cash balances total \$1,796.

Research and Development

Expenses for research and development are charged to expense when incurred. The total amount of research and development expenses incurred during the years ended December 31, 2005 and 2004 were \$116 and \$107 respectively.

Cash

For the purposes of reporting cash flows, cash and cash equivalents include investments with original maturities of ninety days or less at purchase date. Included in cash at December 31, 2005 and December 31, 2004, respectively, are \$924 and \$658 representing amounts collected from national accounts and the use of which is restated based on the agreements with the national accounts.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was \$103 and \$175 for the years ended December 31, 2005 and 2004 respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications have not had any impact on net income.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 2: ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Franchise Fees and Royalties Receivable	\$ 782	\$ 1,147
Paper Sales Receivable from Franchisees	1,428	1,699
Company Plant Receivables	443	338
Notes Receivable from Sale of Franchises, Interest at Various Rates, Due in Monthly Installments Through 2014	3,329	2,514
Notes Receivable Due from Franchisees, Interest at Various Rates, Payable in Monthly Installments Through 2014	908	3,523
Other	<u>482</u>	<u>247</u>
	7,372	9,468
Less: Allowance for Doubtful Accounts	(2,276)	(2,495)
Less: Amounts Not Expected to be Collected Within One Year, Net of \$1,951 Allowance for Doubtful Accounts (\$1,597 at December 31, 2004)	<u>(2,652)</u>	<u>(4,137)</u>
	<u>\$ 2,444</u>	<u>\$ 2,836</u>

To meet the financing needs of its franchisees, the Company has extended credit to its franchisees throughout the United States and Canada. Although the Company has a diversified receivable portfolio, a substantial portion of the franchisees' ability to honor their commitments to the Company is reliant upon the financial performance of the franchisee and the economic stability of the market in the franchisee's particular geographic area. The Company's exposure to loss in the event of nonperformance by the franchisees is represented by the contractual amount of the accounts and notes receivables. The Company controls the credit risk of its receivables through credit approvals, limits and monitoring procedures. The Company has collateral or other security to support a portion of the receivables with credit risk.

At December 31, 2005, approximately \$476 (\$629 at December 31, 2004) of accounts receivable, although currently due, are classified long term, based upon historic payment performance of the franchisees. A significant portion of the allowance for doubtful accounts relates to these accounts and notes receivable.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 2: ACCOUNTS AND NOTES RECEIVABLE (continued)

Provision for doubtful accounts was \$964 and \$0, respectively, for the years ended December 31, 2005 and December 31, 2004. Changes in the allowance for doubtful accounts were as follows for the years ended December 31, 2005 and December 31, 2004:

	2005	2004
Beginning Balance - Allowance for Doubtful Accounts	\$ 2,495	\$ 2,636
Provision for Bad Debts	964	0
Bad Debt Write-Offs	(1,183)	(141)
Ending Balance - Allowance for Doubtful Accounts	\$ 2,276	\$ 2,495

A substantial portion of the bad debt write-off in 2005 was directly related to franchisees that were adversely affected by hurricanes in Florida and the Gulf Coast.

Interest income is recognized on accounts and notes receivable when it is received.

NOTE 3: PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows:

	December 31, 2005	December 31, 2004	Estimated Useful Lives (in Years)
Leasehold Improvements	\$ 84	\$ 82	5 - 7
Machinery and Equipment	736	629	3 - 20
Furniture, Fixtures and Other Equipment	247	234	5 - 10
Computers	1,056	986	3 - 5
Company-Owned Plant Machinery and Equipment	912	785	3 - 7
Other	292	287	3 - 5
	3,327	3,003	
Less: Accumulated Depreciation	(2,605)	(2,337)	
	\$ 722	\$ 666	

Depreciation expense charged to operations was \$272 and \$295 for the years ended December 31, 2005 and 2004 respectively.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 3: PROPERTY AND EQUIPMENT (continued)

Property and equipment at year-end include the following amounts for capitalized leases:

	<u>2005</u>	<u>2004</u>
Machinery and equipment	\$ 230	\$ 230
Less: Accumulated Depreciation	<u>135</u>	<u>97</u>
Total	<u>\$ 95</u>	<u>\$ 133</u>

NOTE 4: INTANGIBLE ASSETS

The following is a detail of intangible assets at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
<u>Goodwill</u>		
Costs	\$ 1,884	\$ 1,849
Accumulated Amortization	<u>1,742</u>	<u>1,742</u>
Total	<u>142</u>	<u>107</u>
<u>Trademarks</u>		
Costs	193	193
Accumulated Amortization	<u>179</u>	<u>168</u>
Total	<u>14</u>	<u>25</u>
Total Intangible Assets	<u>\$ 156</u>	<u>\$ 132</u>

Amortization expense for the years ended December 31, 2005 and 2004 was \$11 and \$27 respectively.

Future estimated annual amortization expense for intangible assets owned at December 31, 2005 is as follows:

2006	\$ 11
2007	<u>3</u>
Total	<u>\$ 14</u>

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 5: NOTES PAYABLE

	December 31, 2005	December 31, 2004
Note Payable to Bank, Monthly Payments of Principal Amounting to \$54,000, Monthly Interest Payments Calculated Based on 30 Day LIBOR Plus 2.65%, through November 2007. The Note Payable is Collateralized by Substantially all Company Assets and an Assignment of a Life Insurance Policy on the Life of the Chairman, and Proceeds of all the Foregoing	\$ 1,146	\$ 3,296
Leases Payable Related for Machinery and Equipment at Company-Owned Franchises, Monthly and Payments through 2006	40	147
	1,186	3,443
Less: Amounts Expected to be Repaid Within 1 Year	(690)	(753)
Ending Balance	\$ 496	\$ 2,690

In November 2003, the Company entered into a \$4,000 term loan agreement with a bank. The loan is collateralized by substantially all Company assets and an assignment of a life insurance policy on the life of the Chairman, and proceeds of all the foregoing. The term loan bears interest at LIBOR plus 2.65%, interest is payable monthly. As of December 31, 2005, the Company owes \$1,146 on this term loan.

In November 2003, the Company entered into a \$500 line of credit with a bank. The line of credit is collateralized by substantially all Company assets and an assignment of a life insurance policy on the life of the Chairman, and proceeds of all the foregoing. The line of credit bears interest at LIBOR + 2.50%, interest is payable monthly. As of December 31, 2005, no advances have been made on this line.

The future maturities of notes payable are as follows:

2006	690
2007	496
	\$ 1,186

In connection with the repurchase of publicly held share in 2003 and the closing of the \$4,000 promissory note described above, the Company advanced \$3,120 to Phoenix Group of Florida, Inc., the Company's parent, to pay off the \$2,000 line of credit and other debts incurred by the parent company. The full amount of \$3,139 owed to Phoenix Group of Florida, Inc. was distributed at December 31, 2004 and did reduce retained earnings by that amount.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 6: INCOME TAXES

The components of the provision (benefit) for income taxes for the years ended December 31, 2005 and December 31, 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Current Provision:		
Federal	\$ 0	\$ (79)
State		
Total Current	<u>0</u>	<u>(79)</u>
Deferred Provision	<u>0</u>	<u>1,325</u>
	<u>\$ 0</u>	<u>\$ 1,246</u>

The current income tax provision in 2004 is a reversal of prior year over provisions at December 31, 2003.

NOTE 7: EMPLOYEE BENEFIT PLAN

The Company has a qualified 401(k) plan which covers substantially all employees meeting certain eligibility requirements. Participants may contribute a portion of their compensation to the Plan, up to the maximum amount permitted under Section 401(k) of the Internal Revenue Code. The Company matches 25% of the employee's contribution for the year. The Company's matching contribution was \$30 and \$28 for the years ended December 31, 2005 and 2004 respectively.

NOTE 8: RELATED PARTY TRANSACTIONS

The Company is owned 100% by Phoenix Group of Florida, Inc. (a Nevada corporation).

The Company had an advance, payable by Phoenix Group of Florida, Inc. (Phoenix) as of December 31, 2004 of \$3,120. The assets of Phoenix consist primarily of shares of stock in the Company. This advance to Phoenix would be regarded as a reduction of equity if the financial statements of the Company and Subsidiaries were consolidated into Phoenix Group of Florida, Inc. at December 31, 2004. The Company made a distribution to Phoenix in the year ended December 31, 2004.

Included in Accounts and Notes Receivable, non-current portion, is an amount of \$566 which was advanced to the Chairman of the Company in fiscal 2002. The note was originally issued to fund the Chairman's acquisition of 50% of South Pacific Wholesale Printers, Inc. (SPWP) (the Company owns the remaining 50%). This note bears interest at 8% and is payable in monthly installments equal to the Chairman's proportionate share of the monthly cash flow of the SPWP franchise. No payments of interest were made on this note during the year ended December 31, 2005 (December 31, 2004: \$0).



BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 8: RELATED PARTY TRANSACTIONS (continued)

Included in Accounts and Notes Receivable are employee advances to the Chairman's immediate family members of \$157. The advances are repayable in monthly installments of varying amounts and have been classified as current and non-current depending on the repayment terms.

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Company's corporate offices, Company-owned franchise locations, Wisconsin warehouse facility and office equipment are leased under non-cancelable lease agreements. The leases initially expire at various dates through 2007. There are provisions in the leases for rent increases based on cost of living increases under certain conditions.

The following are the approximate minimum annual non-cancelable rentals to be paid under the provisions of the leases, including the Company-owned locations:

<u>Year</u>	<u>Lease Commitments</u>
2006	\$ 563
2007	379
2008	190
2009	190
2010	196
Thereafter	392
	<u>\$ 1,910</u>

Rental expense approximated the following amounts for the corresponding periods:

<u>For the Period Ended</u>	<u>Lease Commitments</u>
December 31, 2005	\$ 664
December 31, 2004	\$ 628

The Company has employment contracts with various senior management that vary in length from one to three years from the date of signing of the contract. The commitments under the contracts vary between \$225 and \$234 per annum, to be increased annually by the regional CPI.

NOTE 10: SEGMENT INFORMATION

The Company's four reportable segments are (1) Franchisor operations, (2) Pelican Paper Products, (3) Company-owned franchises and (4) Other operations.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies."

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005

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(000's omitted)

NOTE 10: SEGMENT INFORMATION (continued)

The Company is organized primarily on the basis of business activity units. The table below presents information on continuing operations for the years ended December 31, 2005 and December 31, 2004:

	<u>Franchisor</u>	<u>Pelican Paper</u>	<u>Company- Owned Plants</u>	<u>Other</u>	<u>Total</u>
<u>For the year ended December 31, 2005</u>					
Revenues	\$ 5,734	\$ 11,194	\$ 3,658	\$ 526	\$ 21,112
Cost of Sales	0	10,332	254	0	10,586
Operating Expenses	5,344	603	3,010	0	8,957
	<u>\$ 390</u>	<u>\$ 259</u>	<u>\$ 394</u>	<u>\$ 526</u>	<u>\$ 1,569</u>
Depreciation and Amortization	<u>\$ 107</u>	<u>\$ 42</u>	<u>\$ 134</u>	<u>\$ 0</u>	<u>\$ 283</u>
Capital Expenditures	<u>\$ 85</u>	<u>\$ 103</u>	<u>\$ 140</u>	<u>\$ 0</u>	<u>\$ 328</u>
<u>For the year ended December 31, 2004</u>					
Revenues	\$ 5,654	\$ 11,360	\$ 3,250	\$ 596	\$ 20,860
Cost of Sales	0	9,878	702	0	10,580
Operating Expenses	4,138	560	2,769	79	7,546
	<u>\$ 1,516</u>	<u>\$ 922</u>	<u>\$ (221)</u>	<u>\$ 517</u>	<u>\$ 2,734</u>
Depreciation and Amortization	<u>\$ 113</u>	<u>\$ 67</u>	<u>\$ 142</u>	<u>\$ 0</u>	<u>\$ 322</u>
Capital Expenditures	<u>\$ 28</u>	<u>\$ 22</u>	<u>\$ 120</u>	<u>\$ 0</u>	<u>\$ 170</u>

The following is sales information by geographic area for the years ended December 31, 2005 and December 31, 2004:

	<u>2005</u>	<u>2004</u>
United States	\$ 20,139	\$ 19,766
Canada	973	1,094
	<u>\$ 21,112</u>	<u>\$ 20,860</u>

All long-lived assets of the Company are domiciled in the United States.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2005  
and December 31, 2004  
(000's omitted)

NOTE 11: PENDING LITIGATION

The Company has been named in a lawsuit along with the parent company and the shareholder of the parent company. As of December 31, 2005, the case is currently pending in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. The nature of the claims in this matter relate to breach of contract, account stated, and open account relating to the law firm's services associated with the owner of the parent company's acquisition of the Company shares. The amount sought in that litigation is approximately \$250,000, as well as prejudgment interest, attorney fees and costs.

It is management's belief that they have been damaged by actions of the law firm which has brought the case in an amount at least equal to, if not in excess of, the claim brought by the law firm detailed above and have filed a counter-claim for professional negligence and breach of contract. No amount has been accrued in these financial statements since the outcome of the matter is uncertain, and since the resulting liability, if any, cannot be determined.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended December 31, 2004 and  
the ten months ended December 31, 2003

**BCT INTERNATIONAL, INC.**  
**(a wholly-owned Subsidiary of Phoenix Group of Florida, Inc.)**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES**

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April 8, 2005

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders  
BCT International, Inc.  
Fort Lauderdale, Florida

We have audited the consolidated balance sheet of BCT International, Inc. (a Delaware corporation) and Subsidiaries (the Companies) as of December 31, 2004 and December 31, 2003, and the related consolidated statements of income, retained earnings, and cash flows for the year ended December 31, 2004 and for the ten months ended December 31, 2003. These consolidated financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BCT International, Inc. and Subsidiaries as of December 31, 2004 and December 31, 2003, and the results of its operations and its cash flows for the year ended December 31, 2004 and for the ten months ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

*MSI Barnes & Associates, P.A.*

MSI BARNES & ASSOCIATES, P.A.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

**CONSOLIDATED BALANCE SHEET**  
For the year ended December 31, 2004 and December 31, 2003  
(000's omitted)

	December 31, 2004	December 31, 2003
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 2,381	\$ 2,109
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of \$898	2,836	2,450
Inventory, Net	2,395	2,487
Prepaid Expense and Other Current Assets	89	110
Deferred Income Taxes	0	489
Total Current Assets	7,701	7,645
Accounts and Notes Receivable, Net of Allowance for Doubtful Accounts of \$1,597	4,137	4,781
Property and Equipment at Cost, Net	666	821
Due from Parent Company	0	3,120
Deferred Income Taxes	0	836
Deposits and Other Assets	22	43
Trademark and Other Intangible Assets, Net	132	158
Total Assets	\$ 12,658	\$ 17,404
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 693	\$ 1,039
Notes Payable	753	762
Accrued Liabilities	215	380
Accrued Federal and State Income Tax	0	199
Total Current Liabilities	1,661	2,380
Deferred Revenue	258	334
Notes Payable, Less Current Maturities	2,690	3,452
Total Liabilities	4,609	6,166
Commitments and Contingencies (Note 8)	0	0
Minority Interest	21	12
Stockholder's Equity:		
Common Stock, \$.04 Par Value, Authorized 25,000 5,828 Share Issued	233	233
Paid in Capital	12,605	12,605
Retained Earnings	1,990	4,973
Total Stockholder's Equity	14,828	17,811
Less: Treasury Stock, At Cost, 3,182 Shares Held by Company at Year End	(6,800)	(6,585)
Total Stockholder's Equity	8,028	11,226
Total Liabilities and Stockholder's Equity	\$ 12,658	\$ 17,404

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

	<u>For the Year Ended December 31, 2004</u>	<u>For the Ten Months Ended December 31, 2003</u>
<b>Revenues:</b>		
Royalties and Franchise Fees	\$ 5,588	\$ 4,439
Paper and Printing Sales	11,360	9,383
Sales of Franchises	66	9
Software License	472	359
Company-Owned Plant Revenues	<u>3,250</u>	<u>2,414</u>
<b>Total Revenues</b>	<u>20,736</u>	<u>16,604</u>
<b>Expenses:</b>		
Cost of Paper and Printing Sales	10,413	8,514
Cost of Paper and Printing of Company-Owned Plants	167	151
Selling, General and Administrative	7,422	6,713
Depreciation and Amortization	<u>322</u>	<u>269</u>
	<u>18,324</u>	<u>15,647</u>
Income from Continued Operations Before Interest, Other Income and Income Taxes	2,412	957
Interest Expense	(256)	0
Interest and Other Income	<u>333</u>	<u>256</u>
Income from Continued Operations Before Income Taxes	2,489	1,213
Income Tax Provision	<u>1,246</u>	<u>465</u>
<b>Net Income</b>	<u>\$ 1,243</u>	<u>\$ 748</u>

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



BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

	<u>Common Stock</u>		<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Par Value</u>				
Balance February 28, 2003	828	233	12,605	4,275	(1,572)	15,541
Merger Stock Buy-Back	0	0	0	0	(4,951)	(4,951)
Stock Option Redemptions	0	0	0	0	(62)	(62)
Distributions	0	0	0	(50)	0	(50)
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>748</u>	<u>0</u>	<u>748</u>
Balance December 31, 2003	828	233	12,605	4,973	(6,585)	11,226
Merger Stock Buy-Back Fees and Expenses	0	0	0	0	(215)	(215)
Distributions	0	0	0	(1,087)	0	(1,087)
Distribution of Parent Loan (Note 5)	0	0	0	(3,139)	0	(3,139)
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,243</u>	<u>0</u>	<u>1,243</u>
Balance December 31, 2004	<u><u>828</u></u>	<u><u>\$ 233</u></u>	<u><u>\$ 12,605</u></u>	<u><u>\$ 1,990</u></u>	<u><u>\$ (6,800)</u></u>	<u><u>\$ 8,028</u></u>

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

	<u>For the Year Ended</u> <u>Ended December 31, 2004</u>	<u>For the 10 Months</u> <u>Ended December 31, 2003</u>
<u>Cash Flows From Operating Activities:</u>		
Net Income	\$ 1,243	\$ 748
Adjustments to Reconcile Income from Continuing Operations to Net Cash Provided by Operating Activities:		
Deferred Income Taxes	1,325	0
Depreciation and Amortization	322	269
Provision for Doubtful Accounts	0	465
Provision for Inventory Obsolescence	0	83
Bad Debt Expense	141	0
Other Adjustments	0	2
Changes in Assets and Liabilities:		
Accounts and Notes Receivable	117	142
Inventory	92	165
Prepaid Expenses and Other Current Assets	21	204
Assets Held for Sale	0	85
Accounts Payable	(346)	138
Accrued Liabilities	(364)	117
Deferred Revenue	(76)	(56)
Minority Interest	9	0
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	2,484	2,362
<u>Cash Flows From Investing Activities:</u>		
Capital Expenditures for Property and Equipment	(141)	(238)
Decrease in Deposits	21	5
	<hr/>	<hr/>
Net Cash (Used In) Investing Activities	(120)	(233)
<u>Cash Flows From Financing Activities:</u>		
Treasury Stock Purchases/Expenses	(215)	(4,951)
Redemption of Stock Options	0	(62)
Proceeds from Borrowings	0	4,000
Advances to Parent	0	(3,120)
Repayments on Borrowings	(771)	(163)
Shareholder Distribution	(1,106)	0
	<hr/>	<hr/>
Net Cash (Used In) Financing Activities	(2,092)	(4,296)
Net Increase/(Decrease) in Cash and Cash Equivalents	272	(2,167)
Cash and Cash Equivalents, Beginning of Year	<hr/> 2,109	<hr/> 4,276
Cash and Cash Equivalents, End of Year	<u>\$ 2,381</u>	<u>\$ 2,109</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Interest Paid During the Year	<u>\$ 256</u>	<u>\$ 27</u>
Income Taxes Paid During the Year	<u>\$ 170</u>	<u>\$ 327</u>

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

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

BCT International, Inc. (the "Company"), franchises wholesale thermography printing franchises through its wholly-owned subsidiary, Business Cards Tomorrow, Inc. (BCT), for which it receives initial franchise fees and continuing royalties. BCT franchises are located in 36 states and Canada.

As of December 31, 2004, BCT owns 100% of BCT of S.F., and 100% of BCT Tampa, 100% of BCT Fort Myers and 50% of South Pacific Wholesale Printers, Inc. (BCT Hawaii).

Principles of Consolidation and Discontinued Operations

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated. The results of operations of the 50% Company-owned (Hawaii), are included in the consolidated statement of operations for the year ended December 31, 2004 and the ten months ended December 31, 2003.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. The most significant estimates made by management in the accompanying financial statements relate to the accrual for unreported royalty sales and the allowance for doubtful accounts. Actual results could differ from those estimates.

Inventory

Inventory, consisting primarily of paper products, printing supplies and catalogs for sale to the franchisees, is stated at the lower of cost average cost method or market. As of December 31, 2004 and December 31, 2003, the allowance for obsolete inventory was \$84 and \$108, respectively.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the lives of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Costs of major additions and improvements are capitalized and expenditures for maintenance and repairs which do not extend the life of the assets are expensed. Upon the sale or disposition of property and equipment, the cost and related accumulated depreciation is eliminated from the accounts, and any resultant gain or loss is credited or charged to operations.

Company Owned Franchises

Acquisitions of Company-owned franchises have been accounted for as purchases. Operations of the businesses acquired have been included in the accompanying consolidated statements of operations from their respective dates of acquisition.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trademark and Other Intangible Assets

The trademark is amortized using the straight-line method over 17 years. Other intangible assets consist of the excess of purchase price over the fair value of the net assets acquired relating primarily to the acquisition of the Canadian franchise rights in fiscal 1994. The amortization period for the Canadian franchise rights is 19 years, which represented the remaining life of the franchise agreement acquired. As of December 31, 2004 and December 31, 2003, accumulated amortization of intangible assets amounted to \$342 and \$316, respectively.

Impairment of Long-Lived Assets and Identifiable Intangibles

The Company reviews long-lived assets and identifiable intangibles and reserves for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be fully recoverable.

Sales of Franchises

Revenue from the sales of individual franchises, including the initial equipment package, is recognized upon the opening of the related franchise and when all significant services or conditions relating to the sale have been substantially performed. When these criteria have not been met, then the net profit from the sale has been deferred and characterized as deferred revenue.

Continuing Franchise Royalties, Paper and Printing Revenues

Continuing franchise royalties and paper and printing revenues are recognized monthly when earned. Collectibility of these revenues is assessed on a regular basis. The allowance for doubtful accounts is established through a provision for losses charged to selling, general and administrative expense. Accounts receivable are charged off against the allowance for doubtful accounts when management believes that collectibility is unlikely. Management believes the allowance will be adequate to absorb probable losses in existing accounts and notes receivable that may become uncollectible.

Licensing Fees

The Company charges franchises an annual license for the use of Orderprinting.com, the Company's Internet based ordering system. These fees are recognized over the term of the licensing agreement, (one year).

Income Taxes

The Company has elected S Corporation status effective January 1, 2004 (see Note 6). Earnings and losses after that date will be included in the tax return of the shareholder corporation (Phoenix Group of Florida, Inc.) and ultimately in the income tax return of the individual stockholder and taxed depending on the personal tax strategies of the stockholder. Accordingly, the Company will not incur additional income tax obligations, and future financial statements will not include a provision for income taxes.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior to the S Corporation election, the Company utilized an asset and liability approach to accounting for income taxes that required the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that had been recognized in the Company's financial statements or tax returns. Prior to the S Corporation election, in estimating future tax consequences, the Company had generally considered all expected future events other than enactments of changes in the tax law or rates.

Concentration of Credit Risk

Cash accounts are maintained primarily at Bank of America in the U.S. and at RCB in Canada. Accounts at each U.S. financial institution are insured by the FDIC up to \$100 and in Canada up to \$60 Canadian dollars. At December 31, 2004, the Company's uninsured cash balances total \$2,301.

Cash

For the purposes of reporting cash flows, cash and cash equivalents include investments with original maturities of ninety days or less at purchase date. Included in cash at December 31, 2004 and December 31, 2003, respectively, are \$924 and \$827 representing amounts collected from national accounts which are payable to franchisees. Included in the cash amounts at December 31, 2003 is a Canadian bank balance of \$355 Canadian dollars. If this amount was stated in U.S. dollars, the bank account balance would be reduced by approximately \$80 at December 31, 2003. This reduction is largely off-set by a compensating amount shown in accounts payable in Canadian dollars.

NOTE 2: ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

	December 31, 2004	December 31, 2003
Franchise Fees and Royalties Receivable	\$ 1,147	\$ 1,163
Paper Sales Receivable from Franchisees	1,699	2,008
Company Plant Receivables	338	330
Notes Receivable from Sale of Franchises, Interest at Various Rates, Due in Monthly Installments Through 2014	2,514	2,907
Notes Receivable Due from Franchisees, Interest at Various Rates, Payable in Monthly Installments Through 2014	3,523	3,142
Other	247	317
	9,468	9,867
Less: Allowance for Doubtful Accounts	(2,495)	(2,636)
Less: Amounts Not Expected to be Collected Within One Year, Net of \$1,597 Allowance for Doubtful Accounts (\$2,079 at December 31, 2003)	(4,137)	(4,781)
	\$ 2,836	\$ 2,450

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 2: ACCOUNTS AND NOTES RECEIVABLE (continued)

To meet the financing needs of its franchisees, the Company has extended credit to its franchisees throughout the United States and Canada. Although the Company has a diversified receivable portfolio, a substantial portion of the franchisees' ability to honor their commitments to the Company is reliant upon the financial performance of the franchisee and the economic stability of the market in the franchisee's particular geographic area. The Company's exposure to loss in the event of nonperformance by the franchisees is represented by the contractual amount of the accounts and notes receivables. The Company controls the credit risk of its receivables through credit approvals, limits and monitoring procedures. The Company has collateral or other security to support a portion of the receivables with credit risk.

At December 31, 2004, approximately \$629 (\$1,298 at December 31, 2003) of accounts receivable, although currently due, are classified long term, based upon historic payment performance of the franchisees. A significant portion of the allowance for doubtful accounts relates to these accounts and notes receivable.

Provision for doubtful accounts was \$-0- and \$465, respectively, for the year ended December 31, 2004 and the ten months ended December 31, 2003. Changes in the allowance for doubtful accounts were as follows for the year ended December 31, 2004 and for the ten months ended December 31, 2003:

	2004	2003	
Beginning Balance	\$ 2,636	\$ 2,841	
Provision for Bad Debts	0	465	
Bad Debt Write-Offs	(141)	(670)	
Ending Balance	\$ 2,495	\$ 2,636	

Interest income is recognized on accounts and notes receivable when it is received.

NOTE 3: PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows:

	December 31, 2004	December 31, 2003	Estimated Useful Lives (in Years)
Leasehold Improvements	\$ 82	\$ 79	5 - 7
Machinery and Equipment	629	573	3 - 20
Furniture, Fixtures and Other Equipment	234	287	5 - 10
Computers	986	958	3 - 5
Company-Owned Plant Machinery and Equipment	785	765	3 - 7
Other	287	205	3 - 5
	3,003	2,867	
Less: Accumulated Depreciation and Amortization	(2,337)	(2,046)	
	\$ 666	\$ 821	

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 4: ACQUISITIONS OF COMPANY-OWNED FRANCHISES

On March 31, 2003, TBDS, Inc., the BCT franchise in Tampa, Florida sold certain assets to BCT Enterprises of Tampa, Inc., a wholly-owned subsidiary of BCT, in exchange for the assumption of certain TBDS, Inc.'s liabilities. The Company has recorded this as a purchase and, consequently, the results of operations of BCT Enterprises of Tampa, Inc. are included in the consolidated statement of operations.

In April 2003, the Company opened and began operating BCT Enterprises of Fort Myers, a satellite facility. Production for the Fort Myers satellite is done by BCT Tampa. The results of operations of BCT Fort Myers from inception to December 31, 2004 (a loss of \$126) are included in the consolidated statement of operations for the year ended December 31, 2004.

NOTE 5: NOTES PAYABLE

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Note Payable to Bank, Monthly Payments of Principal Amounting to \$54,000, Monthly Interest Payments Calculated Based on 30 Day LIBOR Plus 2.65%, through November 2007. The Note Payable is Collateralized by Substantially all Company Assets and an Assignment of a Life Insurance Policy on the Life of the Chairman, and Proceeds of all the Foregoing	\$ 3,296	\$ 3,946
Leases Payable Related for Machinery and Equipment at Company-Owned Franchises, Monthly and Quarterly Payments Through 2006	147	268
	3,443	4,214
Less: Amounts Expected to be Repaid Within 1 Year	(753)	(762)
Ending Balance	\$ 2,690	\$ 3,452

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 5: NOTES PAYABLE (continued)

In November 2003, the Company entered into a \$4,000 term loan agreement with a bank. The loan is collateralized by substantially all Company assets and an assignment of a life insurance policy on the life of the Chairman, and proceeds of all the foregoing. The term loan bears interest at LIBOR plus 2.65%, interest is payable monthly. As of December 31, 2004, the Company owes \$3,296 on this term loan.

In November 2003, the Company entered into a \$500 line of credit with a bank. The line of credit is collateralized by substantially all Company assets and an assignment of a life insurance policy on the life of the Chairman, and proceeds of all the foregoing. The line of credit bears interest at LIBOR + 2.50%, interest is payable monthly. As of December 31, 2004, no advances have been made on this line.

In August 2001, in connection with the \$2,000 bank loan to Phoenix Group of Florida, Inc. (the Parent Company), the Company entered into an agreement with Phoenix and the Chairman agreeing to a number of conditions to the guarantee of the loan by the Company and its subsidiary BCT (which included a pledge of substantially all of the assets of the Company and BCT to secure the Loan). As of December 31, 2004, this loan had been paid off.

The future maturities of notes payable are as follows:

2005	\$	753
2006		694
2007		1,996
	\$	<u>3,443</u>

On May 28, 2003, the Board of Directors of the Company approved a definitive merger agreement, effective May 29, 2003 between Phoenix and the Company.

The Merger was approved by a special meeting of the shareholders of the Company held on December 5, 2003. In connection with the merger and the closing of the \$4,000 promissory note described above, the Company advanced \$3,120 to Phoenix Group of Florida, Inc., the Company's parent, to pay off the \$2,000 line of credit and other debts incurred by Phoenix in connection with the merger transaction. The full amount of \$3,139 owed to Phoenix Group of Florida, Inc. was distributed at December 31, 2004 and did reduce retained earnings by that amount.



BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 6: INCOME TAXES

The components of the provision (benefit) for income taxes for the year ended December 31, 2004 and for the ten months ended December 31, 2004 are as follows:

	2004	For the Ten Months Ended December 31, 2003
Current Provision:		
Federal	\$ (79)	\$ 403
State		62
Total Current	(79)	465
Deferred Provision	1,325	0
	\$ 1,246	\$ 465

The current income tax provision is a reversal of prior year over provisions at December 31, 2003.

As discussed in Note 1, the Company changed its tax status from C Corporation to S Corporation status. All of the deferred tax provision in 2004 relates to the elimination of the deferred tax asset at the date the election for the change was filed. This is a non-cash charge on the Company's statement of operations as a consequence of conversion to an S Corporation. The shareholder of the parent company will, in future tax years, receive the benefit of the deferred taxes as a reduction of taxes he will owe on future income. The time period of recognition of this tax benefit is indefinite.

The Company's deferred income taxes are comprised of the following:

	December 31, 2004	December 31, 2003
Deferred Income Taxes - Current:		
Bad Debt Reserve	\$ 0	\$ 217
Capitalization of Inventory Cost	0	225
Inventory Reserves	0	42
Other	0	5
Deferred Income Taxes - Current	\$ 0	\$ 489
Deferred Income Taxes - Non-Current		
Bad Debt Reserve	\$ 0	\$ 811
Net Operating Loss Carryovers	0	203
Deferred Tax Liabilities - Fixed Assets	0	(32)
Other	0	57
Valuation Allowance	0	(203)
Deferred Income Taxes - Non-Current	\$ 0	\$ 836
Deferred Income Taxes - Total	\$ 0	\$ 1,325

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 6: INCOME TAXES (continued)

The difference between the statutory and effective tax rates are as follows:

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>
Tax Provision at Statutory Rate	\$ 0	0%	\$ 412	34%
State Income Tax, Net of Federal Benefit	0	0%	41	3%
Other	0	0%	12	1%
	<u>\$ 0</u>	<u>0%</u>	<u>\$ 465</u>	<u>38%</u>

NOTE 7: RELATED PARTY TRANSACTIONS

The Company is owned 100% by Phoenix Group of Florida, Inc. (a Nevada corporation) as a result of a merger during the year (see Note 10).

The Company had an advance, payable by Phoenix Group of Florida, Inc. (Phoenix) as of December 31, 2003 of \$3,120. The assets of Phoenix consist primarily of shares of stock in the Company. This advance to Phoenix would be regarded as a reduction of equity if the financial statements of the Company and Subsidiaries were consolidated into Phoenix Group of Florida, Inc. at December 31, 2003. The Company has made a distribution to Phoenix in the year ended December 31, 2004.

Included in Accounts and Notes Receivable, non-current portion, is an amount of \$566 which was advanced to the Chairman of the Company in fiscal 2002. The note was originally issued to fund the Chairman's acquisition of 50% of South Pacific Wholesale Printers, Inc. (SPWP) (the Company owns the remaining 50%). This note bears interest at 8% and is payable in monthly installments equal to the Chairman's proportionate share of the monthly cash flow of the SPWP franchise. No payments of interest were made on this note during the year ended December 31, 2004 (December 31, 2003: \$16).

Included in Accounts and Notes Receivable is an advance to the Chairman's immediate family of \$94. The advance is repayable in monthly installments of \$1.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Company's corporate offices, Company-owned franchise locations, Wisconsin warehouse facility and office equipment are leased under non-cancelable lease agreements. The leases initially expire at various dates through 2007. There are provisions in the leases for rent increases based on cost of living increases under certain conditions.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 10: MERGER

On May 28, 2003, the Board of Directors of the Company approved a definitive merger agreement, effective May 29, 2003, between Phoenix and the Company's Chairman (collectively the Acquisition Group) and the Company providing for the Acquisition Group to purchase all of the shares of the Company's outstanding common stock not owned by the Acquisition Group at a price of \$2.00 per share. The Merger was approved by a majority of the shares not held by the Acquisition Group at a special meeting of shareholders held on December 5, 2003. The Company is now a wholly owned subsidiary of Phoenix Group of Florida, Inc.

NOTE 11 PENDING LITIGATION

The Company has been named in a lawsuit along with the parent company and the shareholder of the parent company. As of December 31, 2004, the case is currently pending in the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County, Florida. The nature of the claims in this matter relate to breach of contract, account stated, and open account relating to the law firm's services associated with the owner of the parent company's acquisition of the Company shares. The amount sought in that litigation is approximately \$142,000.00, as well as prejudgment interest, attorney fees and costs.

It is management's belief that they have been damaged by actions of the law firm which has brought the case in an amount at least equal to, if not in excess of, the claim brought by the law firm detailed above. No amount has been accrued in these financial statements since the outcome of the matter is uncertain, and since the resulting liability, if any, cannot be determined.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 9: SEGMENT INFORMATION (continued)

The Company is organized primarily on the basis of business activity units. The table below presents information on continuing operations for the year ended December 31, 2004 and the ten months ended December 31, 2003:

	Franchisor	Pelican Paper	Company- Owned Plants	Other	Total
<u>For the year ended December 31, 2004</u>					
Revenues	\$ 5,654	\$ 11,895	\$ 3,250	\$ 472	\$ 21,271
Cost of Sales	0	10,413	702	0	11,115
Operating Expenses	4,014	560	2,769	79	7,422
	<u>\$ 1,640</u>	<u>\$ 922</u>	<u>\$ (221)</u>	<u>\$ 393</u>	<u>\$ 2,734</u>
Assets	<u>\$ 6,910</u>	<u>\$ 4,935</u>	<u>\$ 1,010</u>	<u>\$ 18</u>	<u>\$ 12,873</u>
Depreciation and Amortization	<u>\$ 79</u>	<u>\$ 72</u>	<u>\$ 94</u>	<u>\$ 0</u>	<u>\$ 245</u>
Capital Expenditures	<u>\$ 28</u>	<u>\$ 22</u>	<u>\$ 120</u>	<u>\$ 0</u>	<u>\$ 170</u>
<u>Ten Months Ended December 31, 2003</u>					
Revenues	\$ 4,448	\$ 9,383	\$ 2,414	\$ 615	\$ 16,860
Cost of Sales	0	8,153	512	0	8,665
Operating Expenses	4,199	566	2,217	0	6,982
	<u>\$ 249</u>	<u>\$ 664</u>	<u>\$ (315)</u>	<u>\$ 615</u>	<u>\$ 1,213</u>
Assets	<u>\$ 7,872</u>	<u>\$ 4,753</u>	<u>\$ 748</u>	<u>\$ 4,031</u>	<u>\$ 17,404</u>
Depreciation and Amortization	<u>\$ 100</u>	<u>\$ 72</u>	<u>\$ 97</u>	<u>\$ 0</u>	<u>\$ 269</u>
Income Tax Provision (Benefit)	<u>\$ 95</u>	<u>\$ 255</u>	<u>\$ (121)</u>	<u>\$ 236</u>	<u>\$ 465</u>
Capital Expenditures	<u>\$ 139</u>	<u>\$ 26</u>	<u>\$ 20</u>	<u>\$ 0</u>	<u>\$ 185</u>

The following is sales information by geographic area for the year ended December 31, 2004 and for the ten months ended December 31, 2003:

	2004	2003
United States	\$ 19,975	\$ 16,134
Canada	1,094	726
	<u>\$ 21,069</u>	<u>\$ 16,860</u>

All long-lived assets of the Company are domiciled in the United States.

BCT INTERNATIONAL, INC.  
Fort Lauderdale, Florida

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2004 and  
the ten months ended December 31, 2003  
(000's omitted)

NOTE 8: COMMITMENTS AND CONTINGENCIES (continued)

The following are the approximate minimum annual non-cancelable rentals to be paid under the provisions of the leases, including the Company-owned locations:

<u>Year</u>	<u>Lease Commitments</u>
2005	\$ 627
2006	549
2007	360
2008	194
2009	529
Thereafter	425
	<u>\$ 2,684</u>

Rental expense approximated the following amounts for the corresponding periods:

<u>For the Period Ended</u>	<u>Lease Commitments</u>
December 31, 2004	\$ 598
December 31, 2003	\$ 496

The Company has employment contracts with various senior management that vary in length from one to three years from the date of signing of the contract. The commitments under the contracts vary between \$217 and \$337 per annum, to be increased annually by the regional CPI.

NOTE 9: SEGMENT INFORMATION

The Company's four reportable segments are (1) Franchisor operations, (2) Pelican Paper Products, (3) Company-owned franchises and (4) Other operations.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies." The Company evaluates the performance of its segments based on earnings before income taxes.

**BUSINESS CARDS TOMORROW, INC.**

**UNAUDITED FINANCIAL STATEMENTS**

**For the Periods Ended December 31, 2005, December 31, 2004 and December 31, 2003**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

**Business Cards Tomorrow, Inc.**  
**Balance Sheet**  
**Dec-05**  
**(Unaudited)**

<b>Assets</b>	<b>BCT</b>
Current assets:	
Cash BCT	855,696
Cash national account	1,159,661
Net Current Notes & Receivables	2,953,455
Inventory	2,367,498
Due from subsidiaries	1,731,468
Exchange	0
Assets held for sale	0
Prepaid expenses	70,280
Total current assets	9,138,058
Furniture, fixtures & equipment, net	342,994
Net Long Term Notes & Receivables	2,320,187
Due from Parent	0
Intangible assets	105,730
Security deposits	0
Deferred tax assets	0
	0
 Total assets	 \$ 11,906,969
 <b>Liabilities and Stockholder's Equity</b>	
Current liabilities:	
Accounts payable	1,333,177
Notes payable, current	650,000
Accrued expenses	161,043
Total current liabilities	2,144,220
Intercompany payable	
Notes payable	495,833
Deferred revenue	0
Total liabilities	2,640,053
Minority interest	0
Common stock	232,875
Additional paid in capital	12,604,959
Tax distributions	(926,750)
Distributions	(600,000)
Retained earnings	4,755,273
	16,066,356
Less: treasury stock	(6,799,440)
Total stockholder's equity	9,266,916
Total liabilities and stockholder's equity	11,906,969

**Business Cards Tomorrow, Inc.**  
**Statement of Operations**  
**YTD 2005 (Jan.-Dec)**  
**(Unaudited)**

<b>Revenues</b>	
Royalty income	5,734,157
Franchise sales	71,150
	<u>5,805,307</u>
<b>Cost of goods sold</b>	
Cost of sales paper	0
Inventory write off	0
Cost of Co. Plants	0
	<u>0</u>
<b>Gross profit</b>	<u>5,805,307</u>
<b>Operating expenses</b>	
Salaries and employee benefits	2,609,107
Other operating expenses	2,653,966
	<u>5,263,073</u>
<b>Income (loss) before interest, depreciation and taxes</b>	542,234
Minority interest	
Depreciation	(122,031)
Interest expense	(140,570)
	<u></u>
<b>Pretax income (loss)</b>	<u>279,633</u>



Business Cards Tomorrow, Inc.  
 Consolidated Balance Sheets  
 Amounts in ('000s)  
 (Unaudited)

**BALANCE SHEET**

Assets	As of December 31, 2004	As of December 31, 2003
<b>Current Assets:</b>		
Cash	\$ 2,381	\$ 2,109
Accounts and Notes Receivable, Net	2,824	2,450
Inventory, Net	2,395	2,487
Prepaid Expense and Other Current Assets	89	110
Deferred Income Taxes	-	489
Total Current Assets	7,689	7,645
Accounts and Notes Receivable, Net	4,364	4,781
Property and equipment, net	666	821
Due From Parent	-	3,120
Deferred Income Taxes	-	836
Deposits and Other Assets	22	43
Trademark and Other Intangible Assets, Net	132	158
Total Assets	\$ 12,873	\$ 17,404
<b>Liabilities and Stockholder's Equity</b>		
<b>Current liabilities:</b>		
Accounts Payable	\$ 693	\$ 1,039
Notes Payable, Current	753	762
Accrued Liabilities	215	380
Accrued Federal and State Income Tax	-	199
Total Current Liabilities	1,661	2,380
Deferred Revenue	258	334
Notes Payable, Less Current Maturities	2,690	3,452
Total Liabilities	4,609	6,166
Minority Interest	21	12

Business Cards Tomorrow, Inc.  
Consolidated Balance Sheets  
Amounts in ('000s)  
(Unaudited)

Stockholder's Equity		
Common Stock	233	233
Paid in Capital	12,605	12,605
Retained Earnings	1,990	4,973
	<u>14,828</u>	<u>17,811</u>
Less: Treasury Stock	(6,585)	(6,585)
Total Stockholder's Equity	<u>8,243</u>	<u>11,226</u>
Total Liabilities and Stockholder's Equity	<u>\$ 12,873</u>	<u>\$ 17,404</u>

Business Cards Tomorrow, Inc.  
 Consolidated Statements of Operations  
 Amounts in ('000s)  
 (Unaudited)

**INCOME STATEMENT**

	<u>For the Year Ended December 31, 2004</u>	<u>For the Ten Months Ended December 31, 2003</u>
<b>Revenues</b>		
Royalty Revenue and Franchise Fees	\$ 5,588	\$ 4,439
Paper and Printing Sales	11,360	9,383
Sales of Franchises	66	9
Software License	472	359
Sales of Company Owned Plants	<u>3,250</u>	<u>2,414</u>
	20,736	16,604
<b>Expenses</b>		
Cost of Paper and Printing Sales	10,413	8,514
Cost of Paper and Printing of Company Owned Plants	167	151
Selling, General and Administrative	7,422	6,713
Depreciation and Amortization	<u>322</u>	<u>269</u>
	18,324	15,647
Income from Continued Operations Before Interest and Other Income and Income Taxes	2,412	957
Interest Expense	(256)	-
Interest and Other Income	<u>333</u>	<u>256</u>
	2,489	1,213
Income Tax Provision	<u>1,246</u>	<u>465</u>
Net Income	\$ 1,243	\$ 748